HPN-CDFI Virtual Peer Exchange

Key insights:

- Greater MN Housing Fund has a tool to assess statewide impact of rental income losses across all affordable housing properties. If the tool is used across the Network (or more broadly), could the data support a federal ask? Or might place-based funders be interested in this data in key geographies?
- CDFIs looking for guidance on restructurings in their existing portfolio, deferrals, etc. Particular concern about these modifications resulting in TDR's. Questions on accounting for these restructurings.
- Question on FHLBs' willingness to modify collateral requirements or any other guidance…Katie will share information from the FHLB working group.
- Discussion around when/how to engage investors – particularly PRI investors – around forbearance or modifications to current investments. Also around opportunities for grants. Allison Clark – "don't hesitate to reach out to investors – we need more information from all of you to make good strategic decisions". Allison also suggested that interest rate reduction or principal deferment were both on the table as are covenant waivers, from her perspective. She's considering all of that vis a vis her own borrower portfolio.
- Moral hazard question – concerns about housing borrowers facing inability to collect rents even if tenants are able to pay due to new federal guidelines suggesting that landlords may need to forbear.
- Market valuations – assuming that market valuations will decline, what should members do vis a vis acquisitions? What about those who already have purchase and sale agreements for properties that have likely already declined in value? In MN, 90% of NOAH properties have been taken off the market, for example.
- Portfolio stress analysis – by asset class, operating vs. non-operating businesses, sector, geography (e.g. COVID hot spots), etc. This seems to be a particular focus for members.
- New originations – focus on projects that are in construction, principally…for the construction loans, some CDFIs are likely to delay progress towards closing on these…for predevelopment or acquisitions, if borrowers have the cash/financial strength to hold these properties for potentially longer periods of time, CDFIs might proceed to closing. Liquidity concerns for CDFIs? Some are definitely concerned about credit markets tightening and their lessened ability to access capital needed to continue originating new debt. How else should CDFIs assess risks on new originations vis a vis COVID?
- HPN's approach (peer exchange) was noted as offering something different and of higher value than other intermediaries – principally b/c of the collaborative nature of the format.

CDFIs asked to continue having peer exchange – probably next one around April 15.