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Conference

# Analyzing and Assessing Investor Offers

Arif Rizvi, Chief Financial Officer, Community Housing Capital

September 7, 2022

# Continuing Professional Education (CPEs) Requirements for CPAs

- Please be sure you **SIGN IN at the beginning and SIGN OUT at the end of every session.** We use the sign-in sheets to verify your participation for CPE credits.
- Please **submit all conference evaluations.** Evaluation links are emailed to registrants daily. Please see the session host (the person monitoring the sign-in sheets) if you prefer a paper evaluation.
- For more information on CPE credits, contact Lindsay Wells at [consult.lwells@gmail.com](mailto:consult.lwells@gmail.com).

# Analyzing and Assessing Investor Offers

## Description of the Session

The session will analyze investors offers to an organization and how it would help an organization grow and achieve its objectives with flow of Capital.

## Learning Objectives

The session would provide the necessary tools for participants to analyze investors offers pursuant to their organizations needs and would enable them to make the best decision.

# Questions

- We will pause during the presentation and again at the end for Q&A.

# Analyzing and Assessing Investor Offers

## Agenda:

1. Introduction by Presenters - Verbal
2. Discussion on analyzing Investors offers
3. Questions and Answers
4. Break out session

# Analyzing and Assessing Investor Offers



**Presented by: Presenters will verbally introduce themselves**

**Arif Rizvi** – CFO Community Housing Capital (CHC)

**Cindy Holler** – CEO Community Housing Capital (CHC)

**Dana Chestnut** – CLO Community Housing Capital (CHC)

Community Housing Capital Inc.  
402 East Howard Ave, Decatur, Georgia

# Strongly Serving the Credit Needs of NeighborWorks® America

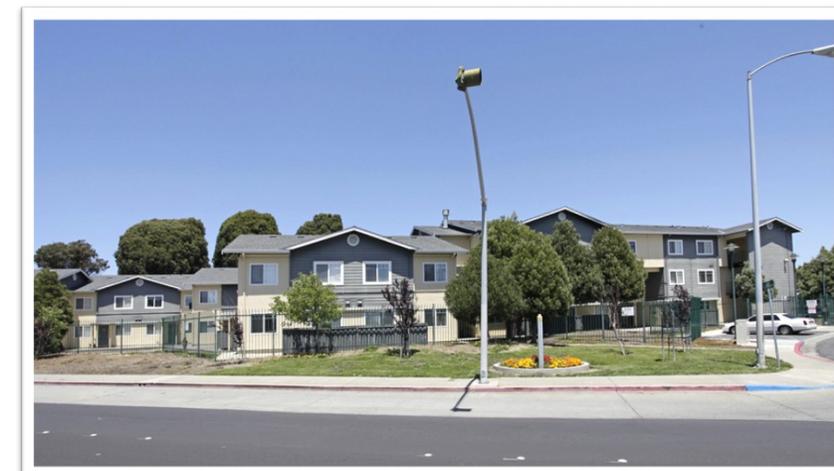
## *Transforming Communities*



***Neighborhood Housing &  
Development Corp.***  
Gainesville, Florida  
Deer Creek Senior Housing  
New Construction



***Piedmont Housing***  
Charlottesville, Virginia  
Single Family For-sale  
NMTC / Acquisition and Rehab



***CDC North Richmond***  
Richmond, California  
Pullman Point Apartments  
Multifamily Preservation

# CHC Profile

Community Housing Capital, Inc (CHC) was created by Neighborhood Housing Services of America in 2000 as an affiliated 501©3 nonprofit to provide direct loan capital to service the early-in-the-transaction credit needs of the NeighborWorks Network® in both the affordable Single Family and Multi-family space.

- CHC is guided by 16-member board of directors, one-third of which are CEO's of NeighborWorks organizations, and with solid representation from lenders, investors, regulators and experienced CDFI professionals.
- Professional Staff of 16 people with extensive community development, banking, capital markets and affordable housing finance experience.
- \$132 million in third-party lending capital, \$50 million in own equity.
- Certified CDFI and CDE by U.S. Treasury since 2001, and a member of the FHLB of Atlanta since 2014, (the second CDFI to become a member of the FHLB of Atlanta).
- External and internal annual audits performed by third-parties and/or rating agencies since inception.

# CHC IMPACT: Outputs vs. Outcomes

## FY2016-2021



### Affordable

**10%** of CHC Borrower's Properties are Affordable to Families Earning 30% AMI or Less

**29%** of CHC Borrower's Properties are Affordable to Families Earning 31%-50% AMI or less

**44%** of CHC Borrower's Properties are Affordable to Families Earning 51%-60% AMI or less

**9%** of CHC Borrower's Properties are Affordable to Families Earning 61%-80% AMI or Less



### Accessible

**61%** of CHC borrowers' homes are accessible via public transit (within a 10-minute walk of a train or a 5-minute walk of a bus stop)



### 11,094 Jobs

Our Lending also Strengthen the Local Economy by Supporting Local Jobs



### Sustainable

**45%** of CHC borrowers' homes, on average, are preserved structures using green features

# Analyzing and Assessing Investor Offers

- **Contents:**
- Type of Investor Capital
- Investors Offers - Analysis and Questions
- Attributes - Relevant Considerations
- Final Decision

# Analyzing and Assessing Investor Offers

## Polling Question

How many of you in the room have been part of a team to raise capital?

# Analyzing and Assessing Investor Offers

## Type of Investor Capital

1. Bank Capital
2. Government Capital
3. Foundation Capital, PRI or EQ2
4. Private Equity Capital

# Analyzing and Assessing Investor Offers

## Investor Offers - Analysis and Questions

1. Does the offer position the organization for growth?
2. Does the offer meet the attributes of the organization's strategy to achieve its long-term plans?
3. Is the mission of the investors and investees aligned? If not, where are the intersections?
4. Is the offer financially affordable?
5. Are the compliance attributes burdensome?

# Analyzing and Assessing Investor Offers

## Investor Offers - Analysis and Questions

- Does the offer position the organization for growth?
- Does the offer meet the attributes of the organization's strategy to achieve its long-term plans?
- Questions to Consider:
  1. What growth objective will the funding achieve?
  2. Will it allow the organization to enter new markets/new products?
  3. What are the non-negotiables for accepting the offer? List restrictions that you are willing to live with and those that you are not.
  4. Will it continue to achieve impact and alignment with the mission?

# Analyzing and Assessing Investor Offers

## Investors Offers - Analysis and Questions

- Are the investors and investee's mission aligned? If not, where are the intersections?
- Is the offer financially affordable?
- Are the compliance attributes burdensome?
- Questions to Consider:
  1. Does the investor's mission align with the organization? If so, where are the intersections? Can those intersections be identified and assessed?
  2. Is the offer financially affordable? More specifically, is the burden on the PL adequately taken care of by the monetary benefits?
  3. What type of burden does it put on the back-office for monitoring and compliance?

# Relevant Consideration Attributes – Final Decision

1. Once these questions are answered, assign a preliminary weight to the questions to start an internal discussion.
2. Have robust discussions within the Leadership Team and the Business Committee of the Board or its equivalent. It is extremely important to have the views of all the members because it is the collective effort of the team which will make the investor's offer a success for the organization.
3. After step 2 above, it might require a change in the preliminary weight after discussions.
4. Prepare a negotiable and non-negotiable list. This list should be generated after point # 2 is completed.
5. Schedule a date for a conversation with the investor for discussion and the final term sheet.
6. Present the final offer to the Board for approval.

# Analyzing and Assessing Investor Offers

## Polling Question

Does your organization have a method of analyzing investor offers in line with what has been presented?

# Analyzing and Assessing Investor Offers

- **Classroom Exercise 1:**
- **Assumptions:** Yours is a developer organization, and after its own due diligence, an investor (a known Bank) has approached you for a debt investment as Enterprise Capital.
- **Exercise:** What financial metrics will you consider and why?
- **Output:** Presentation by Groups

# Analyzing and Assessing Investor Offers

- **Classroom Exercise 2:**
- **Assumption:** Yours is a lending institution, and an investor (A known Foundation), after its own due diligence, has approached you for a PRI/EQ2 investment as Enterprise Capital.
- **Exercise:** What financial metrics will you consider and why?
- **Output:** Presentation by groups

# Evaluation Reminder

- Please submit all conference evaluations. Use the electronic evaluation link in your email.
- Contact [consult.lwells@gmail.com](mailto:consult.lwells@gmail.com) if you do not receive the link.

# CONTACT INFORMATION

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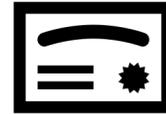
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