



2023-2028 Strategic Business Plan



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Goal 1: Production and Capital Growth (Tied to Slide 4, Growth)

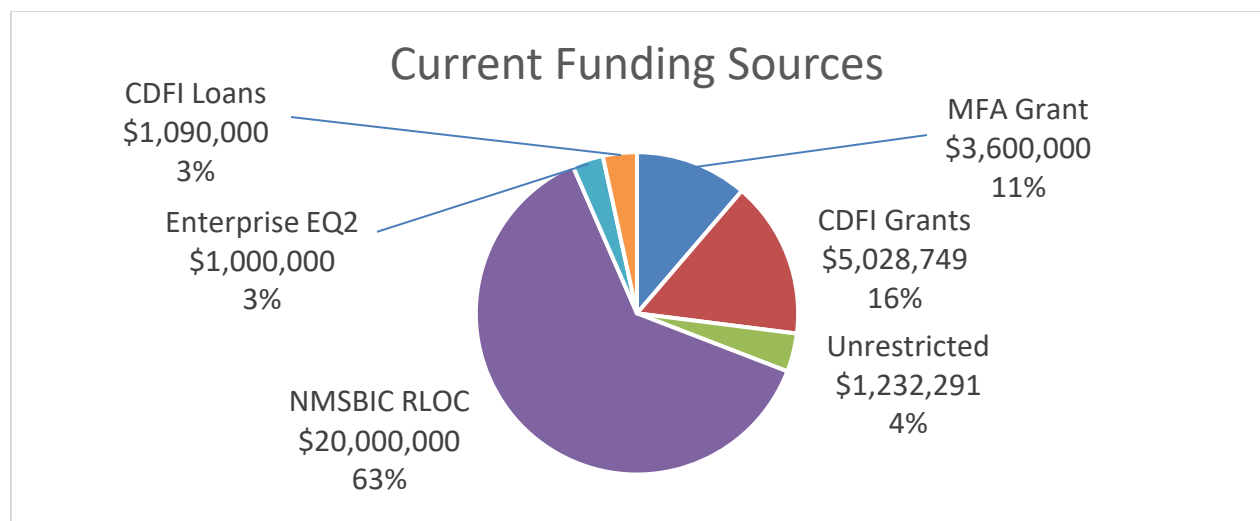
Goal 1: Ventana Fund will grow from \$25 MM to \$50 MM in the next three years to support 80 affordable housing developments and 1,000 housing units.

Ventana Fund’s \$50 million capital goal is based on meeting New Mexico’s critical affordable housing needs and supporting reasonable growth for the organization. The goal assumes raising an additional \$6 million in equity and \$14 million in debt with a total lending capacity of 20-30 loans per year.

In its first years, Ventana Fund received grants from MFA and the CDFI Fund to launch its lending operations. With this funding, Ventana Fund stabilized at \$5 million in size through 2019. In 2019, a partnership with the New Mexico Small Business Investment Corporation (NMSBIC) allowed the organization to borrow \$2 million in capital at a low interest rate. In response to the COVID-19 Pandemic, this expanded to a \$10.5 million line of credit. Following COVID-19, two additional increases have resulted in a total line of \$20 million by September 2023.

Since 2020, Ventana Fund received two grants and two loans from the CDFI Fund: \$1.8 million through the Rapid Response Program, \$2.6 million through the Emergency Response Program, and just over \$1 million through the Financial Assistance program. Ventana Fund also partnered with Enterprise Bank to secure a \$1 million Equity Equivalent Investment and has been negotiating a line of credit with Sunflower Bank. In 2023, the organization experienced an increase in the demand for its loan products, and without additional funding, will hit its deployment ceiling in February of 2024 if no new funding is raised for the organization to lend.

- **Objective 1.1:** Request \$2MM in grant funding from MFA or other funding sources, emphasizing growth, impacts, and commitments
- **Objective 1.2:** Expand our \$20MM line of credit with NMSBIC by at least \$7MM
- **Objective 1.3:** Implement a fundraising strategy to secure equity funds from lending institutions and private foundations
- **Objective 1.4:** Obtain matching CDFI grants for committed equity funds
- **Objective 1.5:** Seek out and obtain additional small operating grants each year
- **Objective 1.6:** Explore continued funding from other sources



Ventana Fund will seek to continue bringing in additional funding sources into its mix to expand beyond its \$30 million ceiling and will seek to be at least a \$50 million organization in 2027. Sources and avenues that Ventana Fund is seeking funding expansion from include:

- Additional equity funding will be requested from MFA due to growth, projections, and projects
- Lending institutions, especially banks seeking Community Reinvestment Act (CRA) credit for EQ2 investments and other lending solutions
- The Community Development Financial Institution Fund (CDFI) in the U.S. Department of Treasury
- Private foundations, philanthropic organizations, and impact investors
- Other national and regional organizations that may seek to partner with Ventana Fund.

The need for and impact of additional capital is shown in Exhibit A, Funding Source & Loan Volume Projections, Key Assumptions. Projections for Ventana Fund's activities and financial projections are attached as Exhibit B and Exhibit C.

Goal 2: Public Presentation and Visibility

Goal 2: Ventana Fund will seek to be accessible to the public and interface on a multi-faceted level.

Ventana Fund only recently leased a small office space, as full-time staff were hired in 2022 and 2023. Current challenges in this leased office space include the lack of space to bring on additional staff to support the organization's growth and the lack of walls to block sound and have private conversations or meetings with potential clients and borrowers. Due to this, Ventana Fund is considering moving into a new office space for organizational growth. Items considered for this new space were appearance, accessibility, flexibility, frugality, and ownership versus leasing.

In addition, Ventana Fund considered who we should be promoting ourselves to and the focus of those relationships. Potential categories include:

- Borrowers
- Politicians
- Housing Authorities
- Public-Private Partnerships
- Rural / Local Governments
- Real Estate Brokers
- Council of Governments
- NM Municipal League

- **Objective 2.1:** Research the financial benefits of owning versus leasing an office space. (Slide 9/10)
- **Objective 2.2:** Research an office space that has separate spaces and allows room for growth. Alternatively, find a temporary location until a more desirable space is located and the size of staff growth is determined. (Slide 9/10)
- **Objective 2.3:** Develop a contact funding list beginning with recommended contacts and OFN contacts with a goal of identifying 500 contacts. (Slide 11)
- **Objective 2.4:** Build relationships in identified categories. (Slide 11)

Goal 3: Target Lending and Target Market Populations

Goal 3: Ventana Fund will seek to allocate its lending resources across the many different needs of New Mexico's multifamily housing.

Ventana Fund's target markets are underserved areas, including CDFI Investment Areas, tribal and rural communities, as well as difficult to finance projects, such as older USDA properties in need of rehabilitation.

Ventana Fund supports LIHTC deals with gap construction financing for large projects with low-interest rates which continues to be a critical product for the continued mission of Ventana Fund.

In order to target smaller projects, Ventana Fund launched its Thresholds Loan Product, as a mini-perm 5-year loan, with an interest only construction period, followed by a four-year amortization period to be flexibly utilized for apartment complexes with 5-50 units. This product was a major success, and in partnership with funding expansions, allowed the organization to triple its size.

The need for Thresholds Loans continues to be deep, since the product targets naturally occurring affordable housing, provides rehabilitation funding, and focuses on areas and projects not targeted by traditional financial products. Through this product, Ventana Fund has closed 1/3 of its loans outside of the Albuquerque Metropolitan Area.

With a solid base of sustainable lending operations, Ventana Fund intends to pursue additional types of lending as the need arises. The Ventana Fund Board also identified the following target populations for the organization to focus its lending impact on:

- Workforce
- Middle Income
- Teacher
- First Responders
- Low Income
- Military
- Seniors

- **Objective 3.1:** Seek to expand into targeted markets, keeping the individual type and salary in mind. (Slide 13)
- **Objective 3.2:** Remain focused on Low (51-80% AMI) to Moderate (81-120% AMI) for lending impact. (Slide 17/18)
- **Objective 3.3:** Continue to expand outreach and lending in non-metro and rural areas of New Mexico. (Slide 22)
- **Objective 3.4:** Seek to expand lending into additional demographics, such as seniors, veterans, workforce, and military. (Slide 14)

Goal 4: Governance: Operations and Leadership

Goal 4: Ventana Fund will seek to maintain a sound organizational structure and implement best practices for the organization's health.

In the past two years, Ventana Fund has developed a sound organizational structure through the adoption of loan and financial policies, operational reserves, a fundraising strategy, this business plan and financial projections, and annual reports.

As the organization has grown, it has hired two full-time employees, several independent contractors, and other service providers to maintain its organizational obligations. The Board Chair and other board members volunteer on an as-needed basis.

With the hiring of staff, the burden on volunteer board members has lessened. Restructure efforts will be incorporated over the next year to develop an Advisory Board, expand the size of committees and add new members to ensure that quorums are met, secure new officer involvement, and shift operational responsibilities from board members to staff.

- **Objective 4.1:** Maintain and make improvements for a self-sustaining lending organization. (No Slide)
- **Objective 4.2:** Meet or exceed funding requirements by implementing a robust capital campaign. (Slide 4)
- **Objective 4.3:** Achieve no material weaknesses in annual audits. (No Slide)
- **Objective 4.4:** Incorporate new best practices in Ventana Fund policies and procedures as needed. (No Slide)
- **Objective 4.5:** Recruit new board members to fill vacancies and expand board from 11 to 13 members. (Slide 20)
- **Objective 4.6:** Recruit committee members outside of board members to increase depth of knowledge and expand resources. (Slide 20)
- **Objective 4.7:** Formalize, recruit, and establish goals for an Advisory Board. (No Slide)

Goal 5: Big, Hairy, Audacious Goals: Research and Development for Developing New Projects (Slide 22)

Goal 5: Ventana Fund will evaluate the potential for Board recommended Research & Development Projects or “big, hairy, audacious goals” to determine feasibility, timing, financial impacts, and steps for implementation.

1. Expand New Construction Loans
2. Mixed Income Housing
3. Loan Term Modifications
 - a. Longer Terms
 - b. Mini-Perm
 - c. Takeouts
 - d. Takeouts for Subordinated Deals
4. Build another CDFI/Lending Organization
5. Develop Rural Activity
6. Volume Cap Preservation Lending (Construction for LIHTC)

- **Process 5.1:** Identify target for new project.
- **Process 5.2:** Research potential benefits and pitfalls; write a white paper of pertinent facts.
- **Process 5.3:** Determine structure and mission;
- **Process 5.4:** Present at the appropriate committee for feasibility.
- **Process 5.5:** If appropriate, present to the Ventana Fund Board for review, approval, and implementation.