



Alvin French Curve Set

Design of housing finance program

Customized design and development of an appropriate government financing, subsidy, and regulatory program to address a particular market need.

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Client type: Policy maker, international or domestic funder or donor, stakeholder group.

Challenge facing the client: Government can enact new laws (create authorities), provide money (debt both hard and soft, equity both economic and tax-motivated, ongoing subsidy, or grant), or both. In exchange for these costly resources, government expects targeted impact (the right people benefit), visible and timely impact (results in the near term), cost-effectiveness (value for money), and additionality (benefits beyond the direct). The ways to fail are many, the paths to success few and sometimes obscure. Government benefits from program

design -- whether commissioned directly or via an interested or altruistic benefactor -- that take best practice and lessons learned at great price elsewhere and applies them to the task directly at hand: global resources solving local problems.

What AHI delivers

A *program* is a set of rules, new financial tools, and government incentives that will motivate private entities -- e.g. buyers, sellers, developers, lenders, intermediaries -- to participate, for their own self-interest, in ways that benefit the housing ecosystem. A *program design package* includes the following linked set of deliverables that enable government to decide to proceed, and stakeholders both encouragement and direction. A typical package includes:

1. *Program summary or abstract*, identifying target customer group, proposed program elements,
2. *Comprehensive description*. A more expansive and detailed explanation of precisely how the program will work.
3. *Program justification*. Building on a country assessment or ecosystemic evaluation, an exposition as to the market gaps the new program will address, and why this proposal optimizes from government's perspective.
4. *Financial model*, customized to demonstrate and quantify program impact. Typically spans from the micro (individual home) to macro (national volume projections, government cost).
5. *Supporting materials for stakeholder briefings* such as PowerPoint decks or similar explanatory support.

What AHI does and how AHI works with the client's team

Program design benefits from having a "brain trust": a network of dedicated local experts, drawn from all sectors of the housing ecosystem, able and willing to contribute collaboratively as the program takes shape. AHI works in close, continuing dialog with such volunteers to assure that the program tackles a pressing problem, provides desired solutions, and contains no features incompatible with the local situation. A typical work plan includes:

1. Working with AHI, the customer develops the local brain trust, and provides introductions to AHI; following this, AHI conducts email and telephone interviews as part of pre-design data collection and problem definition.
2. If appropriate, AHI travels to the host country to develop and flesh out ideas for a way forward. These may be a series of meetings, a roundtable, a multi-day workshop, or an invitation-only structured brainstorming.
3. Based on that direction, AHI drafts a program description and supporting explanations.
4. AHI builds an appropriate (small-scale) financial model quantifying impact.
5. AHI delivers the program drafts and financial model drafts, and then iterates with the customer and the local comment group, improving and modifying the program until the customer is satisfied.
6. The customer publicizes the proposed program for consideration.

To date, AHI has provided program design services to stakeholders in the United Kingdom, Kenya, Egypt, and Ireland.

How AHI's work is used; followup activities

For a housing program, design is only the beginning. With reasonable fortune, government takes up the program for its establishment, via legislation or administrative action as appropriate. AHI can help with (1) stakeholder outreach and explanation, (2) legislative technical advisory support, both to persuade and to document, and (3) post-establishment implementation, creating new systems and motivating participants both private and public to use the new program.