



Housing Trust Fund 2016 Public Workshop*



*Required by Health & Safety Code §50843.5(g)

Agenda

- 3:00 Introductions
- 3:10 Guidelines & Process
- 3:25 LHTF Program
- 3:40 CDFI, COIN & Other Funds
- 4:20 Tax Credit Project Loans
- 4:30 Loan Examples
- 4:45 Questions & Answers






Introductions





Mission Statement

“to increase the supply of affordable housing for very low, low and moderate income residents of San Luis Obispo County, including households with special needs”

Scope of Services



1. **Financing for Affordable Housing Projects**
2. **Technical Assistance (TA) for Affordable Housing Projects and Policies**
3. **Advocacy on Affordable Housing Projects, Policies and Funding**





Purpose of Workshop

- **Required by law for LHTF Program***
- **Describe the LHTF Program**
 - Kinds of projects that can be financed
 - Loan terms, conditions & requirements
 - Criteria for selecting & approving projects
- **Describe other HTF programs**
- **Answer Questions**

* Health & Safety Code §50843.5(g)








Sources of Loan Funds



Private Investments*	\$5,650,000
CDFI Fund	\$3,300,000
California LHTF Fund*	\$2,075,000
Private Contributions	\$267,880
Total Loan Funds	\$11,292,880
Loaned and committed	\$8,575,000

* Not all of these funds have been drawn down



Terminology - LHTF

- **Local Housing Trust Fund Matching Grant Program**
 - Dept of Housing & Community Development (HCD)
 - Funded under Proposition 1C of 2006
- **LHTF Grant** – LHTF grants from HCD
- **LHTF Program** – LHTF grants + matching funds
- **LHTF Fund Loans** – loans made w/LHTF grant
- **LHTF Loans** – loans made w/LHTF grant or matching funds


Terminology - CDFI

- **Community Development Financial Institution**
- **National CDFI**
 - Certified by CDFI Fund of the US Treasury
 - \$3.3 million in US Treasury grants
- **State CDFI**
 - Certified by COIN (California Organized Investment Network in the Dept of Insurance)
 - \$2.95 million in private investments that received state tax credits

Terminology - TA

- **Technical Assistance**
- **Information on public and private financing programs**
- **Assistance with density bonus law**
- **Assistance with funding applications**
- **Assistance in complying with laws and regulations**




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San Luis Obispo County Housing Trust Fund

The HTF is a private nonprofit corporation that was created to increase the supply of affordable housing in San Luis Obispo County for very low- and moderate-income households, including households with special needs. Rather than build or operate housing directly, the HTF provides financing and technical assistance to help private developers, nonprofit corporations and government agencies produce and preserve homes that working families, seniors or fixed incomes and persons with disabilities can afford to rent or buy.

We do not provide direct assistance to individual home owners or home buyers.

Information for Borrowers:
The HTF is currently soliciting applications to finance affordable housing projects in SLO County. [Click for more information.](#)


www.sloctf.org






Eligible Projects


- **Eligible Projects include:**
 - Rental Housing
 - Transitional Housing
 - Ownership Housing
 - Supportive Housing / Group Homes
 - Residential Care Facilities
 - Emergency Shelters
 - Residential Component of Mixed Use Projects
- **Financing is NOT available for:**
 - Individual Home Owners or Home Buyers

Eligible Uses of Funds


- **Planning & Predevelopment***
- **Acquisition of Existing Housing**
- **Site Acquisition**
- **Site Development***
- **Housing Construction***
- **Housing Rehabilitation***

* LHTF Fund Loans may be subject to State Prevailing Wages




Eligible Borrowers



- **Nonprofit Corporations**
- **For-Profit Corporations**
- **Partnerships, including LPs**
- **LLCs**
- **Sole Proprietors**
- **Government Agencies**
- **Any Combination of the Above**

Eligible Locations



- **Any area in San Luis Obispo County***

* LHTF Loans are limited to projects in communities that have an HCD-certified Housing Element – Pismo Beach is currently not eligible.

Income Targeting

- **Extremely Low (30% of AMI)**
 - 50% of new LHTF grant and matching funds
- **Low Income (80% of AMI)**
 - Target population for most of our funds
- **Moderate Income (120% of AMI)**
 - Some funds allow moderate income units
- **Workforce and Higher Incomes**
 - Some funds allow higher income units






Sample Income Limits

Income Level	4 Person Limit
Extremely Low (30%)	\$24,250
Low Income (80%)	\$61,700
Moderate Income (120%)	\$92,500
Workforce Level (160%)	\$123,360

Revised 5/24/16

Current income limits are online at: www.slocthf.org/files/income-limits.pdf







Sales Price Guidelines

Income Level	3 BR Home
Low Income (80%)	\$194,000
Moderate Income (120%)	\$377,000



As of 11/1/2016

Special Needs Units



- 40% of our financing is committed for Low Income Households with Special Needs
 - Handicapped/Disabled
 - FRAIL Elderly (not just seniors)
 - Victims of Domestic Violence
 - Homeless/formerly Homeless
 - Foster Care Youth
 - Farm Workers

Our definition of Households with Special Needs is online at: www.sloctf.org/files/special-needs.pdf

Loan Limits


- \$2 million per project
- \$4 million per borrower
- Up to 100% of “affordable” units costs
- Minimum needed for project feasibility
- We do not compete with banks and other private lenders

General Loan Terms


- Interest Rate = 5.0% to 7.0%*
- Loan Fee = .5% to 2.0%
- Loan Term = up to 5 years*
- Payments = min. of monthly interest*
- Other Costs = loan documents, legal fees, environment, escrow and other

* The HTF Board has approved lower rates, longer terms, etc.





Application Process


- Four Step Process
 1. Informal Discussions
 2. Staff Review & Recommendation
 3. Loan Committee Review & Recommendation
 4. Board Review & Approval
- Approval Timelines
 - Approval in one month is occasionally possible
 - Two or more months is more likely

Underwriting


- Developer experience & track record
- Market demand and need
- Project feasibility
- Real Estate Collateral
 - LTV, CLTV & lien position
- See our Underwriting Guidelines - www.sloctf.org/files/guidelines.pdf






Selection of Projects

- **Generally First Come, First Served**
 - We usually have funds for all applications
- **Eligibility & Underwriting Guidelines**
- **Priorities may be given for:**
 - Projects with **Extremely Low Income and Special Needs Units**
 - **County-wide distribution of all loans**






Funding Level

- **LHTF Funds**
 - \$1.5 million grant in 2010
 - \$575,000 grant in 2015
- **LHTF Matching Funds**
 - \$1.875 million committed for 2010
 - \$1.15 million committed for 2015
- **Recycled LHTF Funds have fewer restrictions**


LHTF Program




Eligible Areas*

- **State law limits LHTF loans to areas with an HCD-certified Housing Element**
 - **Pismo Beach is not eligible for LHTF loans** (Other funds are available for Pismo Beach)


LHTF Program

Income Targeting

- **Extremely Low (30% of AMI)**
 - 50%+ of 2015 LHTF and matching funds
- **Low Income (80% of AMI)**
 - Up to 50% of 2015 LHTF and matching funds
- **Moderate Income (120% of AMI)**
 - Recycled LHTF funds only


LHTF Program





Long Term Affordability

- **Deed Restrictions required for LHTF Funds (but not Matching Funds)**
 - 55 years for rental projects
 - 10 years for shelters & transitional housing
 - Equity sharing for ownership projects
- **Deed Restrictions NOT required for our other loan funds**

LHTF Program







Other Requirements*

- **State Prevailing Wage Law**
 - Required for LHTF Funds
 - Not required for Matching Funds
 - Many projects are eligible for exemptions
- **State Relocation Law**
 - Required for LHTF Funds
 - Not required for Matching Funds

* We use other funds if these are a concern.

LHTF Program







Funding Level

- **Six grants totaling \$3.3 million from the CDFI Fund of the US Treasury**
- **\$2.2 million released from federal restrictions as of 1/1/16**

CDFI Program






Income Targeting

- **Low Income (80% of AMI)**
 - CDFI funds generally limited to low income units
- **Mixed Income Projects**
 - Low income units in mixed income projects eligible
- **CDFI Investment Areas***
 - Higher income units in CDFI “Investment Areas” are also eligible for CDFI funds

* Maps available online at www.slocthf.org/files/cdfi-areas.pdf

CDFI Program






Other Requirements*

- **Davis-Bacon Wages**
 - NOT required for CDFI funds
- **National Environmental Protection Act**
 - Very few projects are subject to NEPA
 - CDFI Fund has broad exclusions from NEPA
 - Recycled funds are NOT subject to NEPA

* We use other funds if these are a concern.

CDFI Program





Funding Level

- **Eight current investments under the COIN CDFI Tax Credit program**
 - \$2.5 million in investments received tax credits
 - \$600,000 in investments are pending approval
- **Extension of the COIN program was vetoed by Governor Brown**


CDFI Program


COIN Requirements

- **Income Targeting**
 - Low Income (80% of AMI)
 - COIN funds limited to low income units
 - Mixed Income Projects
 - Low income units in mixed income projects
- **Other Requirements**
 - NONE

CDFI Program





Other Funds



Other Funds


- **Various investments and other grants**
- **Unrestricted LHTF & CDFI funds**
- **Administered as single fund**
- **Income restrictions vary**
- **No geographical limitations, other than San Luis Obispo County**

Other Funds




Tax Credit Project Loan Product

Limited Funds Available





Eligibility*

- **Special exceptions to HTF guidelines for 9% & 4% Tax Credit Projects**
- **These loans qualify for “tie-breaker points” in the tax credit competition**
- **Can use LHTF or CDFI funds only**
- **Construction AND Permanent Loans**

* Subject to change.

Tax Credit Loan Product







Loan Terms*

- Interest Rate = 4.0% simple
- Loan Fee = 2.0% plus Actual Costs due at loan closing
- Loan Term = up to 19 years
- Payments
 - Accrued interest due at Stabilized Occupancy
 - Annual payments on residual receipts afterwards

* Subject to change.


Tax Credit Loans 




Loan Limits*

- \$10,000 per unit
- \$400,000 per project
- **LIMITED LOAN PRODUCT**
Applications will be considered on a case-by-case basis


* Subject to change.


Tax Credit Loan Product 

HTF Loans


- 33 loans closed since 2005
- \$17.8 million in loans closed
- 661 units assisted
- Two loans currently committed
- \$760,000 in loans committed






San Miguel Self-Help

- Peoples' Self-Help Housing
- 24 lot paper subdivision
- \$600,000 to acquire land (100%)
- Subordinated to site development loan
- All payments (P&I) deferred
- Loan repaid from lot sales





Village at Broad St.


- ROEM Development Corporation
- 42 tax credit apartments in SLO
- \$1.3 million land & planning costs
- Repaid by construction loan







Morro del Mar

- Pacific Southwest HDC
- 21 tax credit apartments in Morro Bay
- \$210,000 take-out loan
- Some TA on financing options
- Loan funded at stabilized occupancy
- Annual payments from residual receipts plus balloon payment in 17 years

Pike Place Apartments



- Construction of 28 market-rate apartments in Arroyo Grande
- Affordable to moderate income only
- \$450,000 subordinate to bank loan
- \$200,000 secured by other property
- \$300,000 bridge loan provided after completion and occupancy

Pike Place Apartments



- Appraised value as proposed = \$5,400,000
- Development budget = \$4,250,000

Lender	Lien	Amount	LTV
Founders Community	1st	\$3,600,000	66.7%
HTF loan #1	2nd	\$450,000	7.3%
Against property:		\$4,050,000	75.0%
HTF loan #2	2nd	\$200,000	3.7%
Total financing:		\$4,250,000	78.7%



Santa Ysabel

- 4 unfinished REO homes in Atascadero
- 85% of acquisition & completion costs, including an interest reserve
- Affordable to moderate income only
- Repaid as individual homes sold


Sunny Oaks MHP


- Resident Owned Parks, Inc.
- 65-space park in Los Osos
- Refi + new water/wastewater systems
- \$3 million loan from Coast National
- \$1 million participation from HTF

Women's Shelter


- Purchased of 4 homes as transitional housing for domestic violence victims
- TA on purchase and funding
- Helped to secure a \$756,000 state grant
- \$720,000 bridge loan for acquisition
- HTF loan repaid from grant proceeds





Alano Club

- Rehabilitation of 4 bed transitional housing for individuals in recovery
- TA on financing and funding
- Helped to secure a \$147,000 city grant
- Provided a \$50,000 gap loan
- Fully amortized loan at low interest



For More Information

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