

# HTF Public Workshop

November 15, 2017



The San Luis Obispo County Housing Trust Fund is an equal opportunity provider, employer, and lender.

## Agenda

- 3:00 Introductions
- 3:10 Guidelines & Application Process
- 3:25 LHTF Program
- 3:40 Other HTF Loan 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”

## Services & Activities

- Affordable Housing Project Financing
- Technical Assistance (TA) for Affordable Housing Projects and Policies
- Advocacy on Affordable Housing Projects, Policies and Funding

## Purpose of Workshop

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

\* Health & Safety Code §50843.5(g)

# Sources of Funds\*

## Equity

CDFI Fund/US Treasury	\$3,300,000
California LHTF	\$2,075,000
Private Contributions	\$269,001

## Debt/Borrowed Funds

Private Investments	\$5,491,108
USDA IRP	\$500,000

**Total Loan Funds** **\$11,635,109**

\* Not all of these funds have been drawn down

# Our Website



## 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, 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 on 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/loans.htm](http://www.sloctf.org/loans.htm)

# Guidelines/Process



# 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

# 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**

## Income Targeting

- **Extremely Low (30% of AMI)**
  - Some LHTF funds
- **Low Income (80% of AMI)**
  - Target population for most of our funds
- **Moderate Income (120% of AMI)**
  - Allowed for equity & some funds
- **Workforce (160% of AMI)**
  - Equity only

## Income Limits

<b>Income Level</b>	<b>4 Person Limit</b>
Extremely Low (30%)	\$24,600
Low Income (80%)	\$65,350
Moderate Income (120%)	\$99,850
Workforce Level (160%)	\$133,120

Revised 6/9/17

Income limits are online at: [www.sloctf.org/files/income-limits.pdf](http://www.sloctf.org/files/income-limits.pdf)

## Sales Price Guidelines

<b>Income Level</b>	<b>3 BR Home</b>
Low Income (80%)	\$204,000
Moderate Income (120%)	\$394,000
Workforce Level (160%)	\$546,000

As of 11/1/2017

## 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/at risk of Homelessness
- Foster Care Youth
- Farm Workers
- Others

\* Definition online at: [www.sloctf.org/files/special-needs.pdf](http://www.sloctf.org/files/special-needs.pdf)

## Loan Limits

- \$2 million per project
- \$4 million per borrower (increase pending)
- 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 = minimum 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 Steps**
  1. Informal Discussions
  2. Formal Application, then 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

Online at [www.sloctf.org/loans.htm](http://www.sloctf.org/loans.htm)

The form is titled "San Luis Obispo County Housing Trust Fund Loan Application" and is dated "Revised 11/15/17". It includes sections for:
 

- BORROWER INFORMATION:** Fields for Name, Title, Address, City, State ZIP, Telephone, Cell Phone, E-mail, Fax ID Number, and FICRA #.
- LOAN INFORMATION:** Fields for Loan Amount, Loan Type (Drop Down), Term Requested (months), Project Name, Project Description, Project Status, and Project Location.
- PROJECT INFORMATION:** Fields for City, Census Tract, # of Housing Units, # of Special Needs Units, # of Units to be Constructed, # of Units to be Rented, and Other Site Information.
- SITE INFORMATION:** Fields for Address, Zoning, Current Zoning, Proposed Zoning, Environmental Status, and Other Site Information.

 The form also contains an "Application Checklist" and a "Comments" section at the bottom.

# Underwriting

- **Sponsor 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](http://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 given for:**
  - Serving special needs populations
  - Serving lower income levels
  - County-wide distribution of loans



# Funding Level

- **LHTF Funds**
  - \$2,075,000 in grants in 2010 & 2015
- **LHTF Matching Funds**
  - \$3+ million committed in 2010 & 2015
- **LHTF Funds are now recycled**
  - Have fewer restrictions
- **May have new funds in 2019**
  - Included in SB-3 – passed in 2017!

**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

## LHTF Requirements\*

- **Eligible Areas**
  - Jurisdictions with HCD-certified Housing Element
- **Long Term Affordability - Deed Restrictions**
  - 55 years for rental projects
  - 10 years for shelters & transitional housing
- **State Prevailing Wage Law**
  - Similar to Federal Davis Bacon law
- **State Relocation Law**

\* We use other funds if these are a concern.

LHTF Program



## USDA IRP Loans

- **\$625,000 USDA IRP loan fund**
  - \$500,000 USDA loan closing in Jan. 2018
  - Plus \$125,000 in contributed equity
- **Long-term money – 30 years!**
- **\$150,000 maximum loan**
  - Can combine with other funds
- **Economic Development funds**
  - Job Creation is a priority

USDA IRP Program

## USDA Requirements

- **Loans must be reviewed by USDA staff**
- **National Environmental Protection Act**
  - All projects are subject to NEPA
  - Some categorical exclusions
  - Recycled funds are NOT subject to NEPA
- **Davis-Bacon Wages**
  - Will avoid construction projects with these funds

USDA IRP Program

## Other Loan Funds

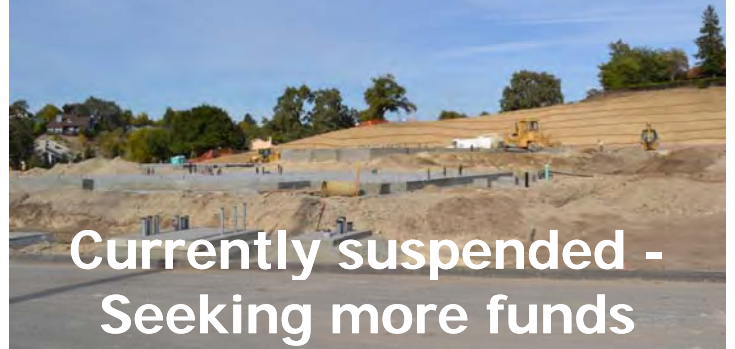
- CDFI Programs
- Private Grants & Investments



## All Other Funds

- Administered as single loan fund
- Various investments and other grants
- Unrestricted government grants
- Funds mixed to maximize flexibility
- Transparent to borrowers

## Tax Credit Project Loan Product



Currently suspended -  
Seeking more funds

## Eligibility

- **LIMITED LOAN PRODUCT**  
Applications considered on a case-by-case basis
- Special exceptions to HTF guidelines for 9% & 4% Tax Credit Projects
- These loans qualify for “tie-breaker points” in the tax credit competition
- Must use Government funds only
- Construction & Permanent Loans

Tax Credit Loan Product

## Loan Terms

- Loan Limits – \$10,000/unit; \$400,000/project
- Interest Rate = 4.0% simple
- Loan Fee = 2.0% plus Actual Costs
- Loan Term = up to 19 years
- Payments
  - Accrued interest due at Stabilized Occupancy
  - Annual payments base on cash flow afterwards

Tax Credit Loan Product

## Loan Examples



## HTF Loans

- 35 loans closed since 2005
- \$18.6 million in loans closed
- 737 units assisted
- Three loans currently committed
- \$1,340,000 in loans committed

## San Miguel Self-Help

- Peoples' Self-Help Housing
- 60 lot paper subdivision
- \$2,000,000 to acquire land (100%)
- Subordinated to site development loan
- All payments (P&I) deferred
- Loan to be repaid from lot sales

## Village at Broad St.

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

## Iron Works

- SLO NonProfit Housing Corp. (HASLO)
- 46 tax credit apartments in San Luis Obispo
- \$460,000 construction & permanent loan
- Accrued interest due at conversion to permanent
- Annual payments from residual receipts
- Balloon payment in 19 years

## Pike Place

- Private for-profit developer
- 28 market-rate apartments in Arroyo Grande
  - Affordable to moderate & workforce income only
- \$650,000 land, construction & bridge loan
  - \$450,000 subordinate to bank loan
  - \$200,000 secured by other property
- Repaid from permanent loan

## Sunny Oaks MHP

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

## Women's Shelter

- Women's Shelter Program of SLO
- Purchase 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
- Repaid from grant proceeds

## Alano Club

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



## For More Information

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