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Multi-family Affordable Housing Capital Solutions

Becky Christoffersen, Midwest Housing Development Fund, Inc.

Midwest Housing Development Fund, Inc.

- CDFI since 2000
- Revolving loan fund
 - Affordable Housing
 - Primarily rental housing at or below 60% AMI
- Predevelopment/Acquisition
- Construction
- Gap Financing
- Permanent Financing
- Since inception 128 loans, \$32MM
- Loan capital \$13MM

Capital to Support CDFI's

- Since financial meltdown of 2008.....
 - Predevelopment
 - Construction
 - Gap financing
 - Permanent financing

Predevelopment Lending

- Unique challenges
 - Unsecured
 - Take out financing
 - Underwriting in process
 - Sunk costs

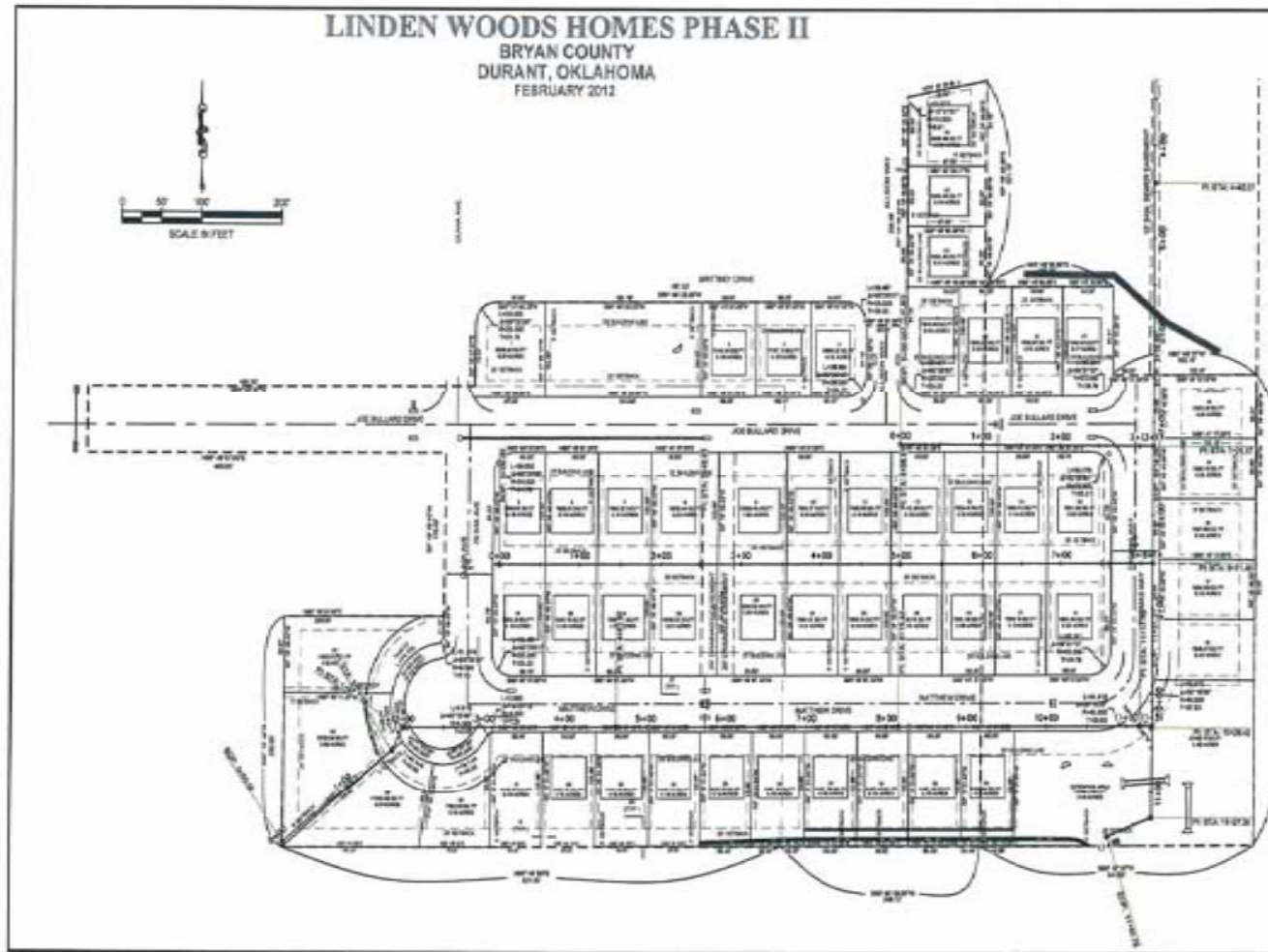
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Predevelopment Lending

- Loan funded by a state wide nonprofit
 - Geographical requirements
 - 3.5%, 5 year
 - Participate in process
- Sources of capital
 - Equity
 - Grants
 - Other CDFI's and nonprofit organizations
 - Serving the area
 - Available cash
 - Desire to invest that cash
 - Mission related to community stability

Construction Lending

- Unique challenges
 - Subordinated lien/guaranty position
 - Required funding position
 - Security from the GC
 - Construction management policies
 - Tax out financing
 - Cost cap limitations

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Crane Building

- Sources of financing:
 - Primary construction loan-amount determined by appraisal
 - 15 year tax abatement
 - State historic tax credits
 - State enterprise zone tax credits
 - Federal historic tax credits
 - Federal low income housing tax credits

Construction Lending

- Loan funded by state HFA
 - Secured
 - HFA approves each loan
 - Geographical requirements
 - 5 year term
- Sources of capital
 - Banks
 - State/local governments

Gap Financing Lending

- Unique challenges
 - No guaranty
 - Subordinated lien position, maybe
 - Underwriting and believing repayment
 - May be cash flow contingent
 - May rely on some future source of funding
 - May rely on balloon payment



Gap Financing Lending

- Loan funded by CDFI Award
 - Preserve affordable housing in Kansas
 - Last year matching funds were not required
 - Grant capital
- Sources of capital
 - CDFI Fund
 - FHLB-revolving loan fund
 - State and local government-HOME, Trust Funds
 - Foundations

Permanent Lending

- Unique challenges
 - Loans not fully amortizing
 - Conversion periods
 - Forward commitments
 - Fixed interest rates
 - Need may arise from a work out



Permanent Lending

- Loan funded by a local nonprofits
 - Preserve this property
 - We have to make effort to refinance once stabilized
- Sources of capital
 - 15-30 year capital is a challenge
 - FHLB membership
 - Insurance companies
 - Take out-CRF
 - Other panelists.....