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2024

**Supporting
Emerging and
Diverse Developers**



Speakers

DISCUSSION LEADER

Summer Jefferson, Multifamily Programs Manager | Minnesota Housing

SPEAKERS

Karen Davis, Deputy Executive Director | Illinois Housing Development Authority

Monique Gibbs, Equitable Business Development Program Manager | MassHousing

Cassandra Skidanov, Senior Manager, Single Family Equitable Housing | Freddie Mac

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**Monique Gibbs, Equitable Business
Development Program Manager |
MassHousing**

References (See app)



Equitable Developers Fund Program Guidelines

The Massachusetts' Equitable Developers Fund (EDF) was established and funded by the Commonwealth of Massachusetts to provide emerging developers early-stage capital and on-going support to build capacity and to develop project pipelines within the Commonwealth. Through a partnership with MassHousing and Massachusetts Housing and Investment Corporation (MHIC), the fund offers two financing products and technical assistance designed to break down traditional barriers of entry into the real estate development market.

With the intent to support and grow the capacity of developers actively engaged in pursuing eligible projects in Massachusetts, and to expand the supply of low- and moderate-income housing in Massachusetts, the Fund seeks to provide financing to emerging developers that meet these Equitable Developers Fund Program Guidelines. MHIC will administer the Fund, including the loan application, underwriting, closing and loan servicing process. MassHousing's Equitable Developers Fund Review Committee will provide oversight of the fund and final approval of financing requests.

Requests for loans will be accepted from businesses/enterprises that develop and own real estate and are referred to as the **Developer Entity**. Loan applications will be accepted on an ongoing basis. Loan commitments will be made based on the strength of the developer application and date received.

EDF Loan Application Process:

1. Complete and submit EDF Eligibility Questionnaire online at www.mhic.com/edf
2. EDF staff reviews developer questionnaire responses. Notice of initial eligibility will be emailed within approximately 2 weeks of submission.
3. If eligible, the developer will also receive a link to an online EDF Loan Application.
4. Developer completes and submits the EDF Loan Application online along with required additional documentation.
5. Completed application and all required documentation are due within 4 weeks of receiving the application link.
6. EDF staff confirms eligibility, and reviews submitted materials for completeness and adherence to program underwriting guidelines. If confirmed, the application will be advanced to underwriting.
7. An EDF Underwriter will be assigned to work with the developer and process the loan request. Loans recommended for approval by the Underwriter will be presented to the EDF Review Committee for a final decision.
8. If approved, loans will then move into the closing process. Once in underwriting it is estimated that loans would close within approximately 4 weeks.
9. Email edf@mhic.com with questions.



Equitable Developers Fund Term Sheet

The Massachusetts' Equitable Developers Fund (EDF) was established and funded by the Commonwealth of Massachusetts to provide emerging developers early-stage capital and on-going support to build capacity and to develop project pipelines. Through a partnership with MassHousing and Massachusetts Housing Investment Corporation (MHIC), the fund offers two financing products designed to break down traditional barriers of entry into the real estate development and advancement in the business world.

Equitable Developers Fund Products

Working Capital Lines of Credit: working capital; minimum equity requirements; project specific due diligence expenses; capital for staffing; and leasing and other operating expenses.

- 5% interest rate
- Interest capitalized until maturity or Interest-only
- 12 – 36 months
- No prepayment penalty
- Revolving

Standby Letter of Credit - Balance sheet support backing construction completion guarantees, operating deficit guarantees, and bonding requirements.

- 2% annual unused facility fee
- variable Prime Rate mins 50 bps
- as published in the Money Rate Section of *The Wall Street Journal* on outstanding balance
- Interest-only until maturity
- 36 months
- No prepayment penalty
- functions as a revolving line of credit once called, advances capped at the SLOC amount, interest paid monthly
- If outstanding balance is not fully repaid at maturity, the loan may convert to a 5-year amortizing loan with principal and interest due monthly

Fees:

- \$10,000 per EDF lending product
- Developer Entity to pay all legal and 3rd party costs
- Payment of the above fees are allowable uses of EDF loan proceeds

Security and Guarantees:

- Unlimited, joint and several guarantee(s) of any individual with ownership interest in or has influence on the operations of the developer entity.

Developers receiving EDF loans that may have a specific need for assistance in scaling up the capacity of their organizations to successfully advance developments and, more generally, execute affordable housing or mixed-income projects in the Commonwealth, are also eligible for technical assistance through MassHousing. Final loan terms will be based on specific loan requests and underwriting criteria.

For detailed edibility requirements and to apply for a loan, please visit www.mhic.com/edf.





NCSHA Presentation IHDA Next Gen Capacity Building Program

September 2024



Concept Development



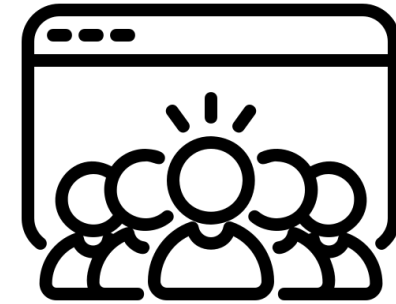
Internal Evaluation

- LIHTC Awards, QAP, Existing TA programs
- Political and Organizational Landscape
- Staff Capacity



Research Other Efforts

- Other HFAs
- Local Governments
- Advocacy Organizations

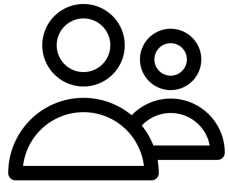


Outreach

- Affordable Housing Stakeholders
- Contractor associations
- Local CDFIs
- Municipalities
- Land banks
- Other organizations



Challenges for Emerging LIHTC Developers

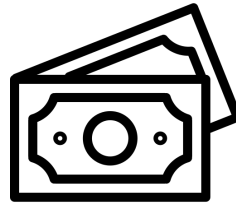


Lack of Curated, Ongoing Support

Developer needs and skills
are different

Projects are unique and
change over time

Need to think beyond
project-by-project

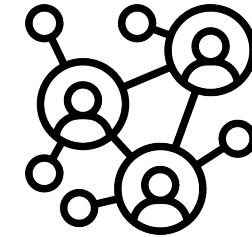


Access to Capital

Flexible

Patient

Affordable



Access to LIHTC Knowledge & Networks

Understanding LIHTC and
development processes

Contacting HFA staff

Development team
members, lenders



Equity and Multifamily Financing

- QAP changes:
 - Specific points for BIPOC participation in developer entity (non-profit and for-profit).
 - Established expectations for participation in joint ventures.
- Increased staff availability.
- Increased outreach with a focus on including diverse perspectives across hiring procurement, and technical assistance.
- RFP for CDFI partner for Next Gen Capacity Building Program.





Next Gen Capacity Building Program

- \$5 million in Illinois Affordable Housing Trust Fund Bond proceeds.
- Three tiers of support provided to emerging and diverse for-profit and non-profit developers:
 - Training in IHDA's LIHTC program.
 - Technical assistance curated to specific team/project plan.
 - Pre-development loans for early project costs.
(Non-recourse, unsecured, interest-free)
(Repaid only if project secures financing)





Next Gen Capacity Building Program

- Selected LISC as CDFI partner.
 - TA and Training: \$1.4 million
 - Revolving Loan Fund: \$3.4 million
- First Cohort Timeline:
 - Application released October 2023
 - Cohort selected February 2024
 - Training February through October 2024
 - Lending begins Fall 2024
- Goals
- Challenges



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m MINNESOTA
HOUSING

**Summer Jefferson, Multifamily
Programs Manager | Minnesota
Housing**

- **Equity Action Team**
 - Over 60 staff
 - Discuss equity work throughout the state and the agency
 - Forum to brainstorm, share ideas and build skills and share ideas
- **Emerging Developer Group**
 - Multifamily Focus
 - Forum to discuss upcoming engagement, opportunities, and resources
 - Discuss implementation issues
- **Technical Assistance**
 - TA is provided throughout the year
 - Debrief for non-select projects
 - Different track for new emerging developers
 - Developed additional training modules

- Programs
 - Capacity Building Program
 - First Generation Homebuyer program – \$150 million
 - up to \$53,000 in downpayment assistance and closing costs
- QAP
 - Selection criteria incorporated starting in 2016
- Visit [Minnesota Housing's website](#) to learn more about our housing development programs.

QAP Policies and Outcomes

Policy

- Black-, Indigenous-, People of Color-, and Women-owned Business Enterprises:
 - Ownership/Sponsorship
 - Development Team
 - Partnership
- Created in 2016 for 2018 QAP

Outcomes

- 2019 – 66% of applications received points
- 2021 – 87% of applications received points
- 2023 – 92% of applications received points
- Selected Projects
 - 2022 – 16 out of 17 projects
 - 2023 – 20 out of 28 projects

QAP Policies and Outcomes

Policy

- Equitable Development
- Address the needs of Communities Most Impacted by housing disparities
- Created in 2020 for the 2022-2023 QAP

Outcomes

- 2021- 21% of applications received points
- 2022 – 43% of applications received points
- 2023 – 39% of applications received points
- Selected Projects
 - 2022 – 12 out of 17 projects
 - 2023 – 13 out of 28 projects

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**Cassandra Skidanov, Senior
Manager, Single Family Equitable
Housing | Freddie Mac**

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Develop the Developer: The Value of Local Support



- [Freddie Mac Develop the Developer landing page](#)
- [Freddie Mac Develop the Developer: Brochure & FAQs](#)