

NOFA

notice of funding availability

May 2010

The **Marin Workforce Housing Trust**, a 501(c)(3), was created in 2004 to expand workforce housing in Marin County. The Trust was spearheaded by a group of concerned employers who formed a partnership with the Marin Community Foundation and the County of Marin. Every dollar contributed to MWHT is matched by both the County and the Marin Community Foundation.

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INTRODUCTION

The Marin Workforce Housing Trust (MWHT) makes low interest rate loans to qualified developers of affordable rental and ownership housing in Marin County. Eligible developers may be nonprofit housing developers, for-profit housing developers that are building affordable units as part of a larger development containing market-rate units or commercial development, and employers who are building affordable units for their own workforce. MWHT loans are targeted for use as pre-development money to fund early development costs, as acquisition financing to purchase specific property, as crucial “gap financing” for construction of workforce housing or as mini-permanent loans of 1-3 years duration.

Developers are invited to submit loan applications for workforce housing development. Maximum loan amounts for four categories of loans have been established as follows:

- Predevelopment: \$250,000
- Acquisition: \$500,000
- Construction: \$500,000
- Mini-permanent: \$500,000

Exceptions may be granted by the Board of Directors.

PROGRAM DESCRIPTION

Qualifying Projects

Funding for the Marin Workforce Housing Trust is divided into two pools: Loan Pool A and Loan Pool B. At least 30% of Pool A will be set aside for housing affordable to people earning less than 30% of Marin County’s Area Median Income (AMI) and at least 30% to support developments for Priority Populations; defined as “special needs” (elderly, disabled, single parent households and large families, farm workers, homeless individuals and families). Housing developments meeting the criteria in both set-asides will serve to satisfy each set-aside.

For Pool A funds, all rent payments, including tenant-paid utilities, may not exceed 30% of the annual gross income targets established for each housing unit. Rental units shall be deed restricted for 55 years.

MWHT will use Pool B to support activities related to the development of either rental or ownership housing for households earning 80% or less of AMI. For Pool B funds, rent payments, including tenant-paid utilities, may not exceed 35% of the annual gross income targets established for each housing unit. Rental units shall be deed restricted for 55 years, unless the Board reduces the term to reflect the maximum term that is permitted by other financing sources. Funds from Pool A and Pool B may be utilized separately or blended for individual transactions.

Projects may include components of commercial uses, shared housing developments, group homes, and other affordable housing models.

All applications for project financing are reviewed, by the MWHT Program & Lending Committee and approved by the MWHT Board of Directors. These guidelines may be amended, or exceptions made, at any time, if the MWHT Board of Directors considers there is good cause. The MWHT partners with the Opportunity Fund for underwriting, closing and administration/servicing of the loans. MWHT loans will be made in the name of the Opportunity Fund using funds provided by the MWHT.

Qualifying applicants

A qualifying applicant is: any corporation having nonprofit status pursuant to Section 501 (c)(3) of the Internal Revenue Code; any for-profit housing developer constructing affordable units; or, any employer constructing affordable housing units for members of its own workforce in Marin county. Applicants must have a demonstrated ability to produce and manage housing.

Application process

The application is posted on our website, www.mwht.org. Prospective applicants may contact the MWHT by phone or email to inquire as to the eligibility guidelines for their development and financing need. Please call Linda Wagner, Executive Director at (415) 448-0370 with questions about the program or e-mail her at lindawagner@mwht.org

Applicants may not have more than one active MWHT application at a time (i.e., an applicant must wait until a loan request has either been funded or declined before applying again.)

Eligibility Thresholds

With certain exceptions to be allowed at the Board's discretion, all applicants must demonstrate the following minimum eligibility requirements:

1. Capacity of the proposed borrower and its team to develop the proposed project in a timely manner, and to manage the development in good condition for the term of the deed restriction.
2. Site control, evidenced by a purchase agreement or similar instrument, unless funds are requested for the purpose of establishing site control.
3. The proposed project conforms to the local General Plan land use designation and development policies in effect at the time of the application.
4. Demonstrated local support for the project, including, but not limited to, significant local government, employer, or philanthropic funding reserved for the project. State and federal support will also be considered.
5. A commitment to meeting the minimum affordability standards described in the Qualifying Projects section.
6. A commitment to maintaining minimum affordability standards, typically with recordation of deed restriction. The MWHT Minimum Affordability Period, with some possible exceptions, will conform to the requirements of public sources of financing.

Preference will be given to developments that:

1. Exceed inclusionary zoning requirements where applicable.
2. Conform with the following in-fill development criteria:
 - Located within an established and developed area.
 - Built within 1/2 mile of commercial and other services, a public school, and/or a transit stop or within one mile of a job center that offers a concentration of employment opportunities reasonably available to the tenants and homeowners of the project.
 - Designed in a manner that complements existing neighborhoods, promotes social interaction, and is pedestrian and bike friendly.
3. Encourage energy conservation through green (energy-efficient and environmentally-sensitive) building techniques.

Selection criteria

In all cases, prudent underwriting, responsible fund management, and MWHT staff and Board discretion and experience will guide the selection process. The MWHT makes all final decisions regarding extension of financing and the terms for each loan.

Program Loan Terms

Loans may be made on a secured or unsecured basis depending on the intended use and need. Loans are made for four general uses:

Predevelopment loans, typically made early in the development process and generally repaid from acquisition or construction financing.

Land or property acquisition loans, typically repaid from a public source or a construction loan.

Construction Gap loans, typically repaid from a permanent financing source.

Short-term Gap/Permanent loans, typically made later in the development cycle and repaid a) according to a negotiated principal pay down schedule; b) over time from project cash flow, or c) in one lump sum at loan maturity, upon sale of the property, or upon discontinuation of the property's use as affordable housing.

General loan terms are as follows. Exceptions and refinements may be made the MWHT Board of Directors.

Predevelopment Loans

LOAN AMOUNT: Maximum of \$250,000.

USE OF LOAN PROCEEDS: Project-related predevelopment expenses only

SECURITY: UCC-1 filing. May be secured by Deed of Trust, with Board approval.

TERM: Up to 24 months

INTEREST RATE: Federal funds rate plus 1%; with a minimum interest rate of 5.75% per annum or as amended from time to time by the Board of Directors; adjusting every three (3) months.

PAYMENTS: Interest and principal shall be paid monthly.

REPAYMENT: Take-out source must be identified and, in most cases, committed. In some cases, the MWHT will rely on a guarantee from an entity with significant financial strength in lieu of a committed take-out source.

FEES: Non-refundable underwriting fee of \$2500 required when the loan is submitted for underwriting to Opportunity Fund. An additional commitment fee is due after final approval by the MWHT Board to reserve the funds approved.

Acquisition Loans

LOAN AMOUNT: Maximum \$500,000.

USE OF LOAN PROCEEDS: Costs related to site or property acquisition only.

SECURITY: Deed of Trust, secured by real property. The MWHT is willing to subordinate its lien position to other lenders if required and appropriate.

LOAN TO VALUE RATIO: The MWHT loan, combined with other acquisition financing, may not exceed 100% of appraised value.

TERM: Up to 1-2 years

INTEREST RATE: Federal funds rate plus 1%; with a minimum interest rate of 5.75% per annum or as amended from time to time by the Board of Directors; adjusting every three (3) months.

PAYMENTS: Interest and principal shall be paid monthly.

REPAYMENT: Take-out source must be identified and, in most cases, committed. In some cases, the MWHT will rely on a guarantee from an entity with significant financial strength in lieu of committed take-out source.

FEES: Non-refundable underwriting fee of \$2500 required when the loan is submitted for underwriting to Opportunity Fund. An additional commitment fee is due after final approval by the MWHT Board to reserve the funds approved.

Construction Loans

LOAN AMOUNT: \$500,000.

USE OF LOAN PROCEEDS: Construction-related costs only.

SECURITY: Deed of Trust, secured by real property, or other security as approved by Program & Lending Committee. The MWHT is willing to subordinate lien position to other lenders if required and appropriate.

LOAN TO VALUE RATIO: The MWHT loan, combined with other construction financing having greater or equal lien priority, may not exceed 100% of appraised value.

TERM: 1-3 years

INTEREST RATE: Federal funds rate plus 1%; with a minimum interest rate of 5.75% per annum or as amended from time to time by the Board of Directors; adjusting every three (3) months.

PAYMENTS: Interest and principal shall be paid monthly.

REPAYMENT: Take-out source must be identified and, in most cases, committed. In some cases, MWHT will rely on a guarantee from an entity with significant financial strength in lieu of a committed take-out source.

FEES: Non-refundable underwriting fee of \$2500 required when the loan is submitted for underwriting to Opportunity Fund. An additional commitment fee is due after final approval by the MWHT Board to reserve the funds approved.

5

Short-term Gap/Permanent Loans

LOAN AMOUNT: \$500,000.

USE OF LOAN PROCEEDS: Permanent financing of project-related expenses.

SECURITY: Deed of Trust, secured by real property, or other security as approved by the Program & Lending Committee. The MWHT is willing to subordinate its lien position to other lenders providing larger loan amounts if required and appropriate.

LOAN TO VALUE RATIO: Loan to value ratio will not be taken into consideration.

TERM: Up to 3 years. The MWHT will conform to other sources of financing.

INTEREST RATE: Federal funds rate plus 1%; with a minimum interest rate of 5.75% per annum or as amended from time to time by the Board of Directors; adjusting every three (3) months.

PAYMENTS: Interest and principal shall be paid monthly.

REPAYMENT: Loans may be structured with negotiated staged principal pay downs, or with principal due in one lump sum at maturity, sale of property.

FEES: Non-refundable underwriting fee of \$2500 required when the loan is submitted for underwriting to Opportunity Fund. An additional commitment fee is due after final approval by the MWHT Board to reserve the funds approved.

Commitment and closing

The Marin Workforce Housing Trust will complete its review of proposed loans as soon as possible after receipt of completed applications. Loans recommended for full underwriting will be forwarded to Opportunity Fund upon payment of the nonrefundable underwriting fee. At the time the MWHT submits the loan to Opportunity Fund the proposed borrower will need a board resolution authorizing the application.

Opportunity Fund will request any additional documentation required directly from the applicant. As soon as Opportunity Fund completes their underwriting, the loan request will be sent back to the MWHT Board of Directors for a final decision. We recognize that speed is essential to many transactions and the applicant should discuss any special timing needs with the Executive Director of the MWHT at the time of application.

Commitments to lend will be issued by Opportunity Fund to the borrowers after MWHT Board approval of final terms. Closing will be scheduled to meet the borrower's needs whenever possible.

Questions and Contact Information

Questions should be referred to
Linda Wagner, LEED AP
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Marin Workforce Housing Trust
415 448-0370 or lindawagner@mwht.org.