



# LIHTC Developer Training

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Underwriter

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# LIHTC Developer Training

- Senior Living Loan Program: Appendix K
- Transitional Housing Loan Program: Appendix J
- Multifamily Loan Program



# Senior Living Revolving Loan Program



# Senior Living Revolving Loan Program

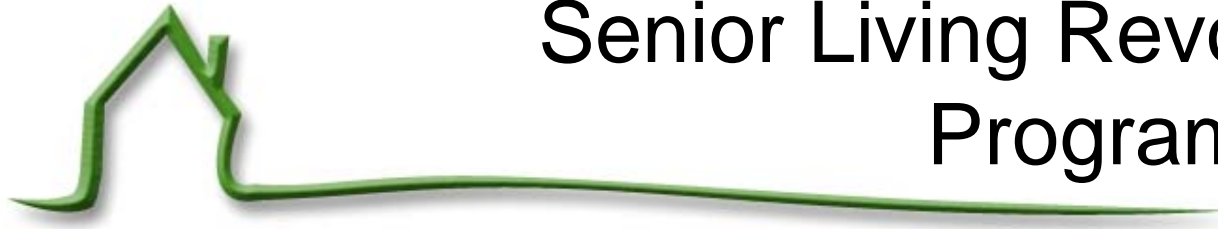
## Purpose:

- Primary: Develop affordable assisted living for low-income seniors
- Secondary: Develop service enriched housing for low-income people with disabilities



# Senior Living Revolving Loan Program

- Established & funded by Legislature in 2004
- Authority shall develop a joint application process for allocation of federal low-income housing tax credits and this fund
- New construction or acquisition and rehabilitation
- Funds available - \$3,500,000



# Senior Living Revolving Loan Program

## Application for Loan:

- Mark 'yes' on line 1.11 of the LIHTC application:

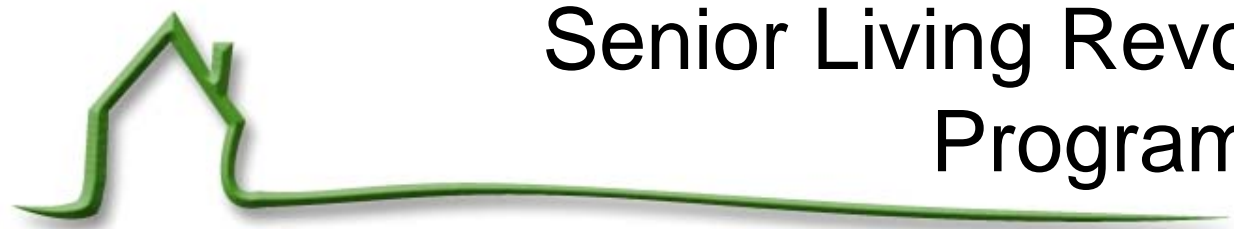
“Are you planning on using the Senior Living Revolving Loan Program?”



# Senior Living Revolving Loan Program

## Application for Loan:

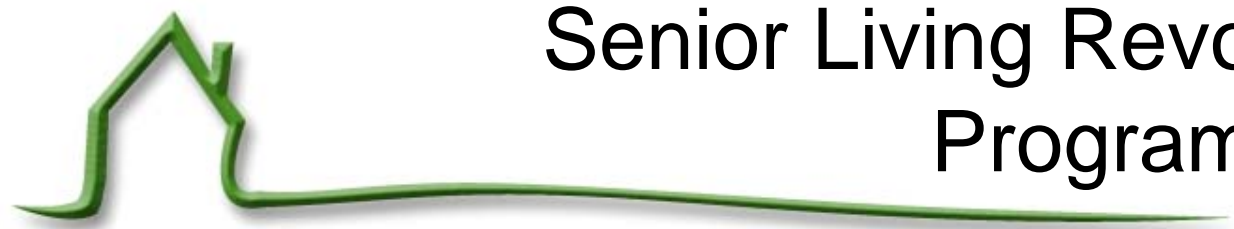
- Complete LIHTC application using Senior Living Revolving Loan as source of funds
  - Section 15: Sources of funds
  - Section 16: Equity
  - Section 17: Determination of Reservation Amount Needed
  - Pro Forma and Loan Schedules



# Senior Living Revolving Loan Program

What happens if . . .

- I submit my LIHTC application using Senior Living funds and all of the Senior Living funds are expended?

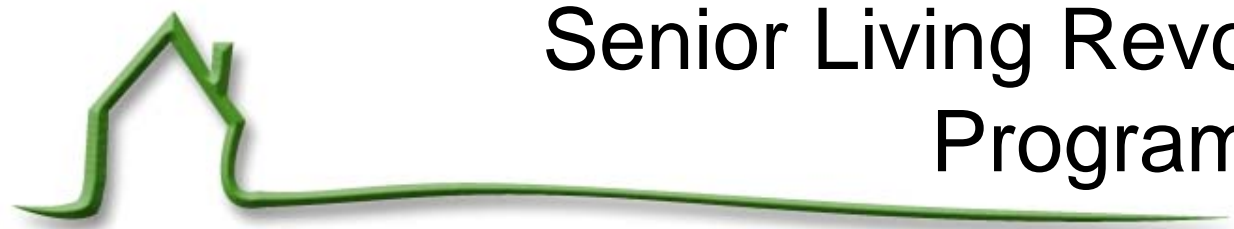


# Senior Living Revolving Loan Program

## Alternative Source(s):

- Complete the “Senior Living Revolving Loan Fund Addendum” reflecting the alternative source(s) for the construction and/or permanent loan

The Addendum is largely a restatement of Sections 3, 4, 13, 14, 15, 17, and the Proforma as they may apply to the alternative financing.



# Senior Living Revolving Loan Program

## Underwriting:

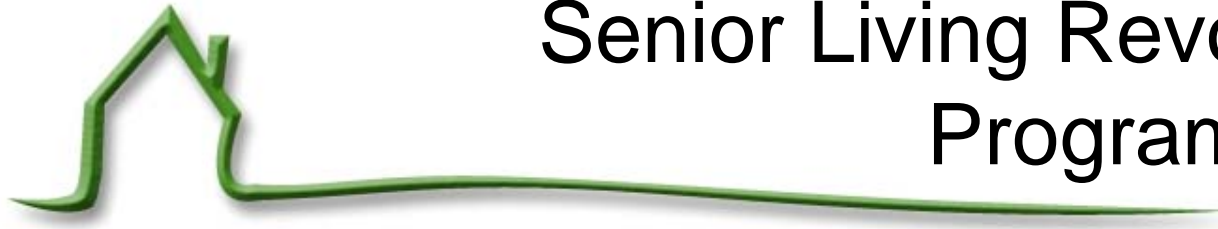
- If all funds are expended through the loan program, the LIHTC application will be underwritten using the alternative source(s) set forth in the Addendum.



# Senior Living Revolving Loan Program

## Priority of funding:

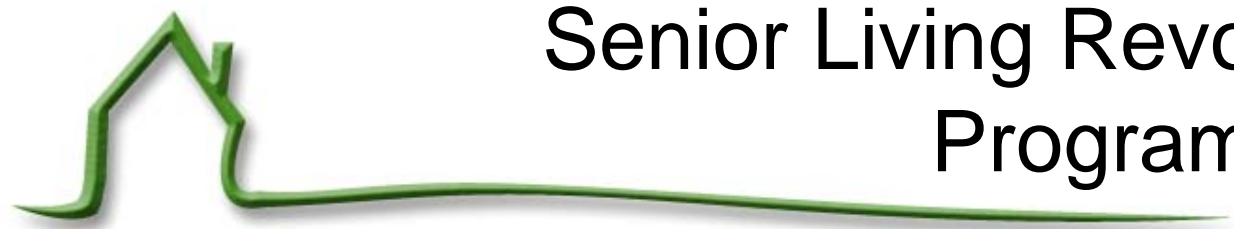
- Applicants awarded tax credits who received 30 points for “Resident Populations with Special Needs”
- Other Applicants that are providing affordable assisted living or housing for people with disabilities



# Senior Living Revolving Loan Program

## Amount of Loan:

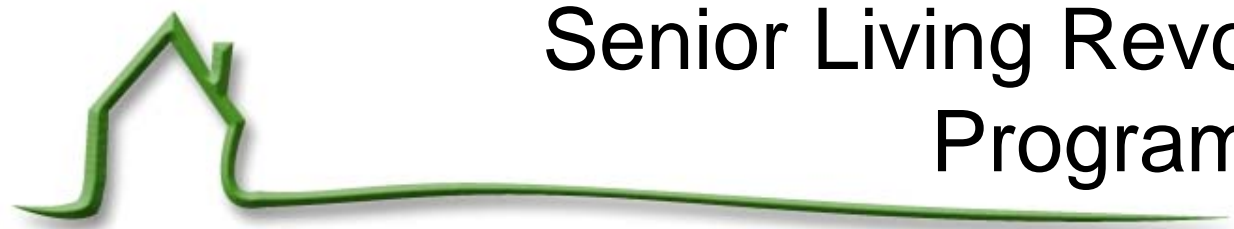
- Minimum: \$100,000
- Maximum: \$2 million
- IFA will hold the first mortgage on the property
- Can be used for construction loan and permanent financing



# Senior Living Revolving Loan Program

## Loan Terms:

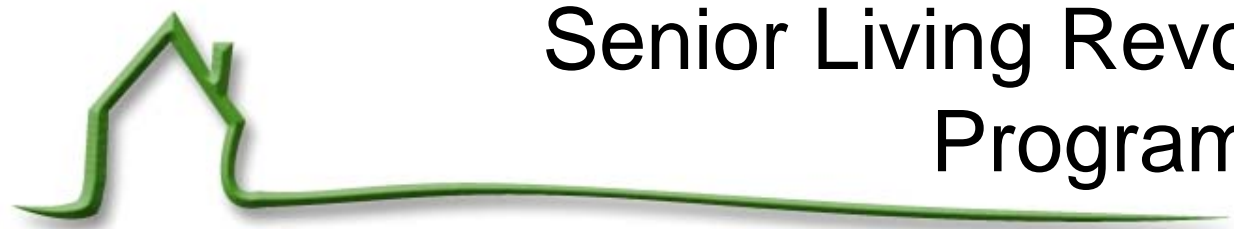
- Maximum loan term and amortization period:  
30 years
- Interest rate: 1%



# Senior Living Revolving Loan Program

## Debt Service Ratio:

- 1.25:1 for IFA's first mortgage
- 1.15:1 overall



# Senior Living Revolving Loan Program

## Fees:

- Application Fee: None
- Commitment fee & inspection fee for Construction Loan: 1.5%
- Commitment fee for permanent loan: 2%
- Due at time of closing
- Loan servicing fee: None

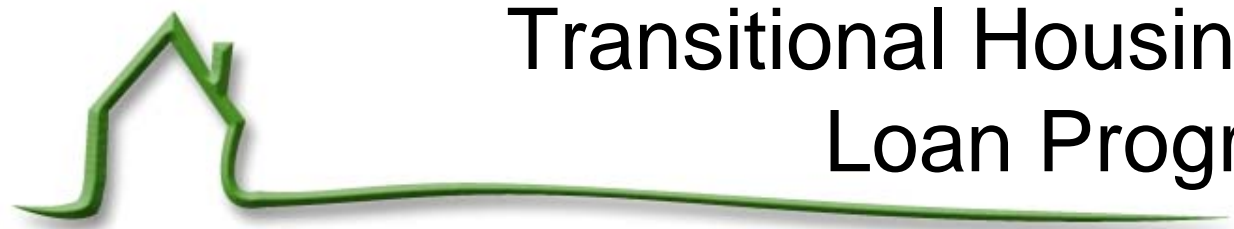


# Transitional Housing Revolving Loan Program



# Transitional Housing Revolving Loan Program

- Established & funded by Legislature in 2005
- Purpose is to assist in the development of affordable housing for parents that are reuniting with their children while completing or participating in substance abuse treatment
- Funds Available: \$1.6 million

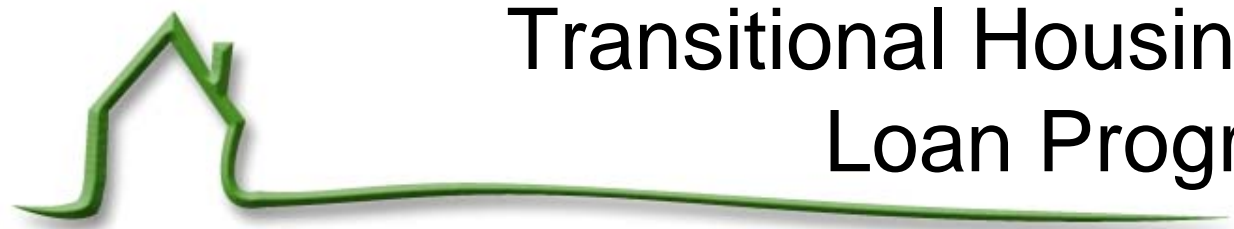


# Transitional Housing Revolving Loan Program

## Priority of Funding:

Preference will be given to projects that reunite mothers with the mother's children

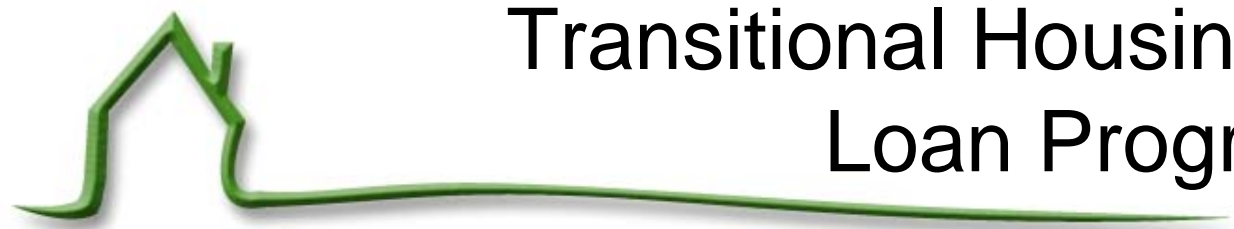
1. Applicants awarded tax credits who received 30 points for "Resident Populations with Special Needs"
2. Other applicants



# Transitional Housing Revolving Loan Program

## Amount of Loan:

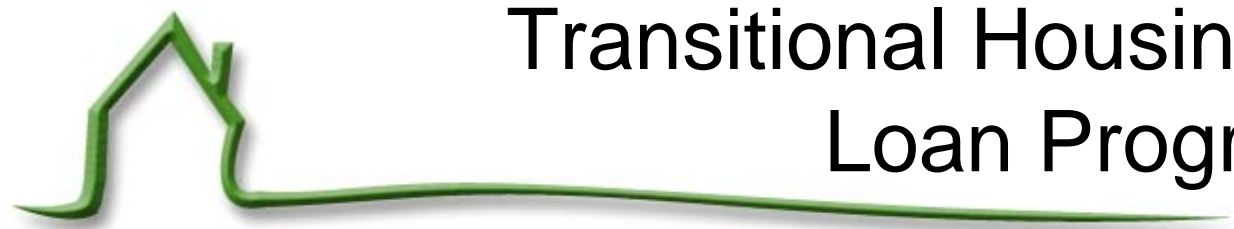
- Minimum: \$100,000
- Maximum: \$700,000
- IFA will hold the first mortgage on the property
- Can be used for the construction loan and/or permanent financing



# Transitional Housing Revolving Loan Program

## Loan Terms:

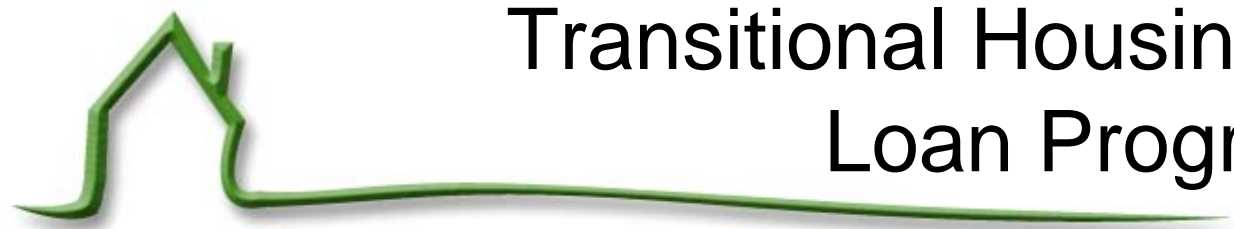
- Maximum loan terms and amortization period are each 20 years.
- Interest rate: 1%



# Transitional Housing Revolving Loan Program

## Debt Service Ratio:

- 1.25:1 for IFA's first mortgage
- 1.15:1 overall

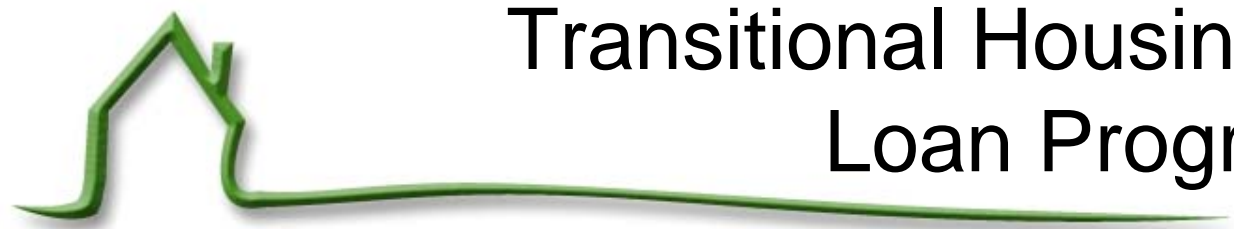


# Transitional Housing Revolving Loan Program

## Application for Loan:

Mark 'yes' on line 1.12 of the LIHTC  
application:

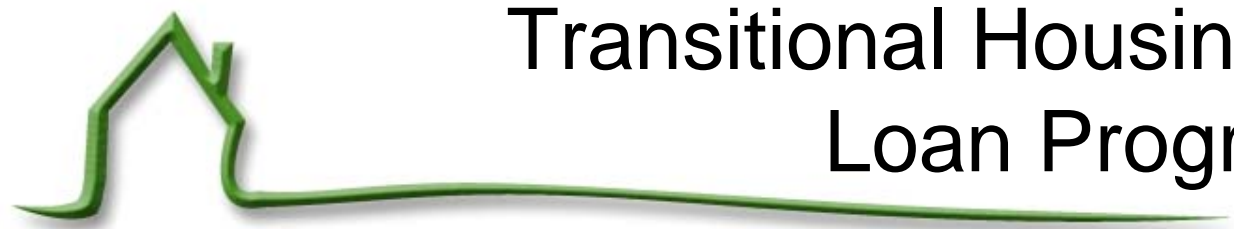
“Are you planning on using the Transitional  
Housing Revolving Loan Program



# Transitional Housing Revolving Loan Program

## Application for Loan:

- Complete LIHTC application using Transitional Housing Revolving Loan as source of funds
  - Section 15: Sources of Funds
  - Section 16: Equity
  - Section 17: Determination of Reservation Amount Needed
  - Proforma and Loan Schedules



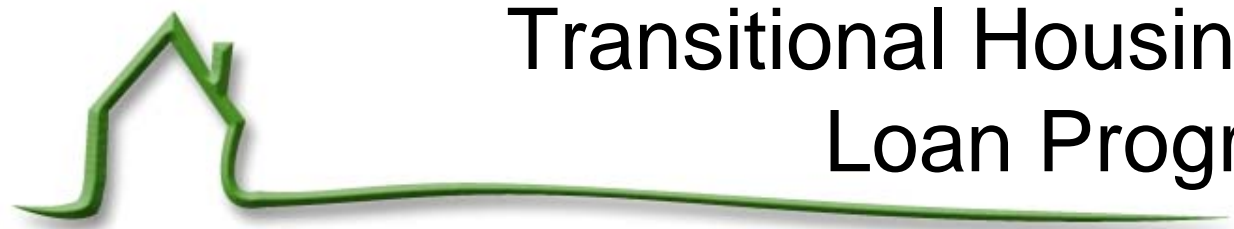
# Transitional Housing Revolving Loan Program

What happens if . . .

I submit my LIHTC application using  
Transitional Housing funds and all of the  
Transitional Housing funds are expended?

Underwriting:

If all funds are expended through the loan  
program, the LIHTC application will be  
underwritten using the alternative source(s).



# Transitional Housing Revolving Loan Program

## Alternative Sources:

- Complete the “Transitional Living Revolving Loan Fund Addendum” reflecting the alternative source(s) for the construction and/or permanent loan

The Addendum is largely a restatement of Sections 3, 4, 13, 14, 15, 17, and the Proforma as they may apply to the alternative financing.



# Multifamily Loan Program



# Multifamily Loan Program

## Construction Loans for 9% Tax Credits

The Board of the Iowa Finance Authority has approved a resolution authorizing IFA to execute a revolving line of credit with Wells Fargo to make construction loans on 9% tax credit developments.



# Multifamily Loan Program

## Construction Loan Terms:

- 0.50% origination fee (no additional fees on the permanent loan)
- No inspection fees
- Fixed interest rate currently is 5.50%
- Up to 24 month term
- Monthly or quarterly interest payments



# Multifamily Loan Program

## Particulars:

- First Mortgage in favor of IFA
- Equity agreement must be in place at closing of construction loan, with an IFA approved pay-in schedule



# Multifamily Loan Program

## Particulars Continued...

- Completion Bond and/or guaranties required in favor of IFA
- Satisfactory appraisal and environmental study must be submitted to IFA
- Title Guaranty Certificate required



# Multifamily Loan Program

## Permanent Loan Terms:

- Term is up to 30 years
- DSCR is 1.25:1 on the 1<sup>st</sup>; 1.15:1 overall
- Commitment fee is 1% of total loan
- Interest rate is currently 7.31%
- Nonrecourse to borrower



# Multifamily Loan Program

Contact:

Craig Johnson at 515.725.4992

or

Tim Morlan at 515.725.4914