



CAPITAL IMPACT
PARTNERS

Bay's Future Fund

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**Katherine Groves, Director of Loan Originations
Western Region**



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Partnership for the Bay's Future

- The **Partnership for the Bay's Future** aims to advance the region's future by solving its interconnected challenges of housing, transportation, and economic opportunity.
- Launched with the support of the San Francisco Foundation, the Chan Zuckerberg Initiative, the Ford Foundation, and Local Initiatives Support Corporation (LISC), Facebook, Genentech, Kaiser Permanente, the William and Flora Hewlett Foundation, the David and Lucile Packard Foundation, and the Silicon Valley Community Foundation.





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Partnership for the Bay's Future

- The Partnership—created in response to the needs expressed by community- and faith-based leaders, housing experts, elected officials, and residents—
- Aims to expand and protect the homes of up to **175,000** households over the next five years, and preserve and produce more than **8,000** homes in the **next five to 10 years**.





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Bay's Future Fund

- BFF is one of the nation's largest-ever housing funds, and it is designed to address the many, varied funding gaps that exist in the housing market throughout the region.
- Five Eligible areas: Alameda, Contra Costa, San Mateo, Santa Clara and San Francisco Counties.





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BFF - Originating Lenders

- BFF is managed by the [Local Initiatives Support Corporation \(LISC\)](#).
- LISC is also partnering with national affordable housing experts [Capital Impact Partners](#) and the [Corporation for Supportive Housing](#) to originate investments out of the Fund.
- [Morgan Stanley](#) is also providing capital for the Fund.





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BFF - Initial Commitment

- Initial commitment of \$260 million in flexible, low-cost, high-risk capital
- BFF leverages other financial partners, with the goal of reaching \$500 million within five years.
- Investments made possible by BFF will directly lead to the preservation and production of more than 8,000 units, as well as indirectly numerous others.





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Bay's Future Fund – Flexible, Nimble and Creative Approach

- **Flexible:** The flexibility of this capital will allow the Partnership to provide new financing products not currently available and to operate outside of current system constraints.
- **Nimble:** The Investment Fund is designed to address **a wide range** of current housing needs in the market and to evolve as the market changes. The Investment Fund will invest in everything from **preserving affordable housing** options where they currently exist, **to building more options** for people who are struggling to keep up with high housing costs. It **will also help middle-income workers** with housing costs, while also speeding up the process of getting people experiencing homelessness into homes.
- **Creative:** The Fund will also demonstrate the viability of creative, community-based solutions that can be replicated and scaled within the Bay Area and beyond.





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BFF - Six Loan Products

Six loan products were created to assist with both preservation and production:

- Faith based/Nonprofits/Community Land Trusts
- Supportive Housing
- Affordability Stabilization
- Mixed-income Residential
- Enterprise Level Line of Credit
- Preservation Loans for LIHTC and HUD-funded properties



Products Summary

Product type	Faith Based and Community Non-Profit	Supportive Housing	Affordability Stabilization	Mixed income Residential	Enterprise-level Line of Credit	Preservation Loans for LIHTC and HUD Funded Properties
Eligible Borrower	Faith-based organizations, community non-profit organizations, and Land trusts <u>with</u> qualified development consultant or partnership with experienced developer	Experienced supportive housing developers or affordable housing developers <u>with</u> experienced service provider partners; experienced service provider <u>with</u> experienced housing development partner or development consultant	Experienced non-profit and for-profit affordable housing developers; land trusts; small neighborhood organizations <u>with</u> qualified consultants or more experienced housing developers	Experienced affordable and market rate housing developers <u>with</u> strong in-house management capabilities or strong outside management companies	Experienced and mission-aligned affordable housing developers <u>with</u> strong in-house property mgmt. capabilities or strong relationship with experienced management company	Experienced and mission-aligned affordable housing developers <u>with</u> strong in-house property mgmt. capabilities or relationship with experienced third party management company
Project Income Target	0-150% AMI	0-30% AMI	0-120% AMI	30-150% AMI	80% AMI	30-80% AMI
Loan type	Predevelopment Construction Mini-perm	Predevelopment and acquisition	Acquisition (with rehab possible)	Mezzanine debt for acquisition/construction projects	Line of credit for real estate predevelopment & acquisition and working capital	Acquisition
Loan amount	Up to \$3 million	Up to \$5 million	Up to \$6 million	Up to \$7.5 million	Up to \$6 million	Up to \$50 million
Origination fee	Determined by each lender	Determined by each lender	Determined by each lender	Determined by each lender	Determined by each lender	Greater of 1.0% or \$100k
Interest Rate	Competitive	Competitive	Competitive	Competitive	Competitive	Competitive, fixed rate for term of the loan
Loan term and payments	24 months for predev and construction loans (interest-only payments), 5-10 years for miniperm with up to 30-year amortization period	Up to 5 years Up to 24 to 36 months Interest-only payments	Up to 10 years Up to 24 to 36 months Interest-only payments followed by up to 30-year amortization period	5-15 years P&I payments	Up to 5 years Individual project loans: 24 months maturity and interest-only payments	Up to 7 years Monthly payments equal to interest accruing on 80% LTV portion of loan and quarterly payments equal to 90% of operating cash flow
Collateral	First position on real estate for perm loans First or second position on real estate for other loans. Loans up to \$350,000 may be unsecured	First or second position on real estate	First or second position on real estate	Subordinated position on real estate	For real estate use, first position is required, with take-out identified.	First or second position on real estate
Loan to Value	Up to 100%	Up to 150%	100% for acquisition only based on as is value (110% for sub loan); 85% of as-built value for acquisition/rehab based on as if complete value	100%	100%	Up to 99%
Available Lenders:	LIISC: baysfuture@lisc.org CIP: fmacauley@capitalimpact.org CSH: andrea.morgan@csh.org	LIISC: baysfuture@lisc.org CIP: fmacauley@capitalimpact.org CSH: andrea.morgan@csh.org	LIISC: baysfuture@lisc.org CIP: fmacauley@capitalimpact.org	LIISC: baysfuture@lisc.org CIP: fmacauley@capitalimpact.org	LIISC: baysfuture@lisc.org CIP: fmacauley@capitalimpact.org CSH: andrea.morgan@csh.org	LIISC: baysfuture@lisc.org and szeigler@nefinc.org

Regional Housing Flexible Fund

Loans for Faith-Based Organizations
and Non-Profit Landowners

ELIGIBLE SPONSORS:

- Faith-based organizations
- Non-profit organizations
- Land trusts

AMI TARGET: 0-150%

LOAN AMOUNT: Up to \$3,000,000

LOAN TERM:

- Predevelopment: 24 months
- Construction: 24 months
- Mini-perm: 5-10 years

MAXIMUM LOAN-TO-VALUE:

- Predevelopment: 100%
- Construction: 100%
- Mini-perm/perm: 100%

SECURITY:

- First or Second Deed of Trust
- Some loans up to \$350,000 may be unsecured

ELIGIBLE EXPENSES: Typical predevelopment, construction, mini-perm

INTEREST RATE: Competitive

ORIGINATION FEE: Set by Originator

OTHER TERMS: To be determined based on underwriting

RECOURSE: Recourse to borrower

AMORTIZATION: Interest only; amortization period determined on a case by case basis

REPAYMENT:

- Predevelopment: Construction loan
- Construction: Permanent loan
- Permanent: Refinancing with public and/or private sources (e.g., tax credits, crowdfunding, local jurisdiction soft financing)

Contacts:

Regional Housing Flexible Fund

Supportive Housing Loans

PROJECT SPONSORS:

- Experienced supportive housing developers
- Experienced affordable housing developers with experienced service provider partners
- Experienced service providers looking to create or grow housing development capacity
(experienced housing development partner or consultant may be required)

AMI TARGET: 0-30% AMI for supportive housing tenants

LOAN AMOUNT: Up to \$5,000,000

LOAN TERM: Up to 5 years

LOAN-TO-VALUE: Up to 150%

COLLATERAL: First or Second Deed of Trust

ELIGIBLE EXPENSES: Predevelopment and Acquisition

INTEREST RATE: Competitive

ORIGINATION FEE: Set by Originator

OTHER TERMS: To be determined based on underwriting

RECOURSE: Full recourse to sponsor (exceptions on a case-by-case basis)

AMORTIZATION: Interest only; amortization period determined on a case by case basis

REPAYMENT: Construction or permanent financing

Contacts:



Regional Housing Flexible Fund

Revolving Line of Credit

ELIGIBLE BORROWERS:

- Non-profit affordable housing developers
- Size of line dependent upon developer history and capabilities

AMI TARGET: 80% and below

LOAN AMOUNT: Up to \$6,000,000

LOAN TERM: Up to 5 years

LOAN-TO-VALUE:

- Up to 80% if real estate secured
- Up to 100% of discounted value of alternative collateral

SECURITY: Real estate preferred; Alternative collateral considered

ELIGIBLE EXPENSES: Typical predevelopment expenses, deposit on manufactured housing projects, organizational working capital

INTEREST RATE: Competitive

ORIGINATION FEE: Set by Originator

OTHER TERMS: To be determined based on underwriting

RECOURSE: Recourse to borrower

AMORTIZATION: None. Interest only on outstanding balance

REPAYMENT:

- Construction or permanent financing
- Developer fee or other identified income stream for working capital portion if applicable

Contacts:



Regional Housing
Flexible Fund

Affordability Stabilization Loans

PROJECT SPONSORS:

- Experienced affordable housing developers
- Land trusts
- Small neighborhood organizations with qualified consultants and/or CDCs

AMI TARGET: 0-120%**LOAN AMOUNT:** Up to \$4,000,000**LOAN TERM:** Up to 10 years**LOAN-TO-VALUE:**

- Up to 85% for acquisition/rehab based on "after-rehabbed" value
- Up to 100% for acquisition only based on "as-is" value
- Up to 110% for second mortgage

SECURITY: First or Second Deed of Trust**ELIGIBLE EXPENSES:** Acquisition, construction, mini-perm**INTEREST RATE:** Competitive and dependent upon use of funds**ORIGINATION FEE:** Set by Originator**OTHER TERMS:**

- Flexibility in amortization for early years of ownership, including interest-only for first 2-3 years
- Payments made from cash-flow

RECOURSE: Recourse to borrower (Exceptions to be determined on a case-by-case basis)**GUARANTY:** To be determined on a case-by-case basis**AMORTIZATION:** To be determined on a case-by-case basis**REPAYMENT:**

- Refinance at end of term
- Restructuring of financing to include public and/or private sources (e.g., tax credits, crowdfunding, local jurisdiction soft financing)

Contacts:

Regional Housing Flexible Fund

Preservation Loans for Expiring LIHTC- and
HUD- Funded Properties

ELIGIBLE BORROWERS:

- Experienced for-profit and non-profit developers
- Strong in-house property management capabilities, or strong relationship with experienced management company required

USE OF PROCEEDS: Provide bridge funds to be used to acquire affordable multi-family properties

PROJECT TYPES: Affordable multi-family properties including properties at, or near, the end of the LIHTC compliance period, or properties with rental subsidies

AMI TARGET: 80% of AMI or lower

LOAN AMOUNT: Up to \$50,000,000

LOAN TERM: Up to 7 years

LOAN-TO-VALUE: Up to 90% LTV from Preservation Fund dollars leveraged by CZI funds at 9% LTV for a total of 99% LTV financing

DEVELOPER EQUITY: Minimum of 1% of TDC

INTEREST RATE: Competitive, fixed rate for the term of the loan

AMORTIZATION: Interest only fixed monthly payments on 80% LTV portion of the loan, with a cash flow sweep of 90% of operating cash flow on a quarterly basis

RECOURSE: Non-recourse to borrower

ACQUISITION FEE: greater of 1% of the loan amount or \$100,000

DISPOSITION FEE: greater of 1% of the loan amount or \$100,000

OTHER TERMS: To be determined based upon underwriting

REPAYMENT: LIHTC syndication, refinance, or sale

Contacts: