



2017 Housing Investment Term Sheets

The proposed term sheets are designed to provide transparent and predictable investment guidelines for the Office of Economic Development's (OED) borrowers. Term sheets are intended to streamline decision-making and create more efficient processes for contract development and execution. Loan requests outside of the adopted term sheets will be considered on an exception basis, but would require approval from OED's Loan Review Committee. Term sheets will be used to guide investment decisions for OED's local and federal funds and OED will determine whether local funds, federal funds or some combination thereof are appropriate given the proposed development and population served.

OED will continue to evaluate all proposed investment opportunities based on overarching housing priorities. OED's project specific priorities include mixed-income development, deeply affordable units for households earning below 30% of the Area Median Income, affordable housing for special populations and high-quality, sustainable design. OED's location specific priorities include housing in proximity to transit, in neighborhoods vulnerable to gentrification and in areas with "access to opportunity" factors such as high quality education, good paying jobs and other amenities.

	4% LIHTC + State Credits		9% LIHTC		4% LIHTC		For Sale Development	Land Acquisition	Property Acquisition	Rehabilitation	Non-LIHTC	RAHLF
Purpose	Incentive more units at 30% and 40% AMI		Incentive more units at 30% and 40% AMI		Enhance feasibility of 4% LIHTC projects, Incentive more units at 30% and 40% AMI		Construction of for-sale units for 80% of AMI or lower	Acquisition of land for development of affordable housing	For acquisition and preservation of existing affordable housing (income restricted or naturally occurring)	For the rehabilitation and preservation of existing affordable housing (income restricted or naturally occurring)	Stimulate more 80% AMI or lower units within market rate developments	Enhance feasibility of 4% LIHTC projects and stimulate more 60% AMI and 80% AMI units within market rate developments
	Very Low Income (VLI)	not VLI	Very Low Income (VLI)	not VLI	Very Low Income (VLI)	not VLI						
	>25% of units at 30% AMI	all other projects	>35% of units at 30% AMI	all other projects	>25% of units at 30% AMI	all other projects						
	OR >35% of units at 40% AMI		OR >45% of units at 40% AMI		OR >35% of units at 40% AMI							
Loan Type	Performance loan	Cash flow loan	Performance loan	Cash flow loan	Performance loan	Cash flow loan	Performance loan	Balloon payment loan	Balloon payment loan	Cash flow loan	Repaying loan	Repaying loan
Possible Funding Sources	Federal, Local		Federal, Local		Federal, Local		Federal, Local	Federal, Local	Federal, Local	Federal, Local	Federal, Local	RAHLF
Maximum Loan*	\$2,000,000		\$1,500,000		\$3,000,000	\$3,000,000	\$1,500,000	\$2,500,000	\$3,000,000	\$3,000,000	\$1,500,000	\$1,000,000
Maximum Loan per Unit*	\$15,000/unit		\$10,000/unit		\$25,000/unit	\$25,000/unit	\$15,000/unit at 80% AMI	\$25,000/planned unit	\$50,000/unit	\$50,000/unit	\$25,000 per affordable unit	\$20,000/unit
<i>* Loans above these amounts may be considered on an exception basis, but would require approval by the OED Loan Committee</i>												
Minimum Affordability **	30 years		30 years		30 years		20 years	30 years once constructed	30 years	30 years	20 years	20 years
Maximum Loan Term **	Covenant term	40 Years	Covenant term	40 Years	Covenant term	40 Years	5 years	5 years	3 years	40 years	40 years	40 years
Loan Amortization	NA	Up to 40 years	NA	Up to 40 years	NA	Up to 40 years	NA	Interest Only	Interest Only	Up to 40 years	Up to 40 years	Up to 40 years
<i>** Affordability term must match or exceed loan term</i>												
Interest Rate	NA	1%	NA	1%	NA	1%	NA	1%	1%	1%	1%	1 MTh Libor + 2.6%
Repayment	Required at loss of affordability	Fully amortizing loan with repayment based on cash flow; any unpaid amount accrues without additional interest and is due at maturity	Required at loss of affordability	Fully amortizing loan with repayment based on cash flow; any unpaid amount accrues without additional interest and is due at maturity	Required at loss of affordability	Fully amortizing loan with repayment based on cash flow; any unpaid amount accrues without additional interest and is due at maturity	Required if units are not completed and sold to income-qualified buyers within 5 years	5 year term with up to two one year extensions	3 year term with up to two one year extensions	Fully amortizing loan with repayment based on cash flow; any unpaid amount accrues without additional interest and is due at maturity	Interest only first 10 years, followed by 30 year amortization with a call option at refinance or sale, subject to rights of First Mortgage lender	Interest only first 10 years, followed by 30 year amortization with a call option at 15 years or later, subject to rights of First Mortgage lender
Repayment Source	NA	Cash flow from operations of the project	NA	Cash flow from operations of the project	NA	Cash flow from operations of the project	NA	Sale of land or refinance, subordinate position behind Regional TOD or other lenders	Sale of property or refinance, subordinate position	Cash flow from operations of the project	Net operating income of the project	Net operating income of the project
Prepayment	NA or No penalty		NA or No penalty		No penalty		NA	No penalty	No penalty	No penalty	No penalty	No penalty
Recourse	Non-recourse		Non-recourse		Non-recourse		Non-recourse	Non-recourse	Recourse	Non-recourse	Non-recourse	Non-recourse
Reserves	As required by priority lender		As required by priority lender		As required by priority lender		As required by priority lender	As required by priority lender	As required by priority lender	As required by priority lender	As required by priority lender	As required by priority lender
DSC (combined)	NA	105%	NA	105%	NA	105%	NA	NA	NA	105%	105%	105%
Loan Call	At refinance or sale		At refinance or sale		At refinance or sale		NA	Due upon sale or development of the property	Due upon sale or development of the property	At refinance or sale	At refinance or sale	Due upon refinance of senior debt or sale of the property
Special Rules							\$5k/unit per 5 years of additional covenant length up to total of \$40K	At least 51% of the units developed on the property must be affordable to households < 80% AMI	Penalty enforced if acquired units are not utilized for income restricted units		Investment will take into account number of build alternative units required to offset the housing linkage fee. Build alternative units will not be subsidized.	
								Affordability restriction running with land, if developer cannot put financing together for development, city will take ownership				
								Subject to analysis of location priority and developability				

Footnote:

- Multiple funding products may be used on the same project in some cases. City funding may be utilized to refinance another city funding product when appropriate.
- City funding for a single project will be subject to a maximum investment of \$50,000 per unit and \$3,000,000 per project.
- Neighborhood and other priorities will be communicated via additional documents alongside the term sheets, on at least an annual basis.