

# WORKFORCE HOUSING LOANS OFFERED



MIDWEST HOUSING  
DEVELOPMENT FUND, Inc.

MHDF seeks to partner with developers, builders or community leaders that are interested in bringing affordable workforce housing to their community or neighborhood. MHDF's sole focus is to promote community development and affordable housing by offering development services and expanded loan products.

MHDF understands the challenges to financing workforce housing in the Midwest. We have a simple application process with a quick turnaround and offer low origination fees and reasonable interest rates. MHDF also offers flexible repayment terms based upon the specific needs of the property,

Loans are made for workforce housing properties that are affordable to, but not limited to, households at or below 80% of the area median income. When approving a loan, we consider market needs, how the property will satisfy these needs, community support and the borrower's ability to support the property. Our loans must be repaid, they are not grants.

In addition, MHDF offers technical assistance services to facilitate workforce housing production.

- Project development team formation & financial packaging
- Discussion of required steps to develop a project
- Assistance with obtaining construction and permanent financing from conventional lenders
- Assistance utilizing MHDF loans in project financing
- Consultation through all phases of the project.

## **Customized Loans Available:**

### **Predevelopment Loans**

Predevelopment Loans are typically made to a sponsor who is in the planning and application stages of a rental housing property. The loans are used to pay for market studies, architectural drawings and other items that are necessary to secure construction financing for the development. Providing predevelopment loans is considered to be a high risk for most lenders and, therefore, they are generally not available in the traditional financing markets.

### **Construction Loans**

Construction Loans are made after the financing sources have been approved and construction is ready to begin. The loans are made on a short-term basis and are used to pay for construction related costs until the traditional construction loan is secured. In some cases, they are used to pay for construction related costs that are not covered by the primary construction lender. Construction loans are also provided if the loan to value ratio of the property is not high enough to allow the primary construction lender to provide 100% of the needed construction financing.

### **Permanent Loans**

Permanent Loans are made after construction is complete and the project is placed in service. The need for these loans generally occur with small projects in rural communities where the local lender is not able to provide the necessary permanent loan with a fixed interest rate.

### **Post LIHTC Compliance Workforce Housing Transition Loans**

MHDF also offers to finance projects originally sponsored by MHEG which have reached the 15 year LIHTC compliance period. The term and structure of these loans can be customized to facilitate property transition through a qualified contract transaction from LIHTC-restricted to workforce housing in communities where the need for income-restricted housing is met by other properties and there is a severe shortage of affordable, mixed-income rental housing options.