


# Midwest Housing Development Fund

## 2024 Annual Report









Since its inception in 2000, Midwest Housing Development Fund, Inc. (MHDF) has focused on filling financing gaps in the development of quality affordable housing utilizing public and private resources. MHDF raises debt and equity capital which it places into a loan pool that is available to help finance affordable housing.

## OUR MISSION

To promote sustainable community development and quality of life in the Midwest by providing resources for the development of affordable housing.

## 2024 IN REVIEW

In 2024, MHDF provided over \$50 million in financing through 28 new loans. To date, MHDF has provided 316 loans totaling over \$249 million. These loans have helped create over 10,000 quality affordable rental housing units for individuals and families across the Midwest.

MHDF provides more than loans. The development of affordable housing stimulates the economy, creates jobs, and allows residents of affordable housing to spend more of their income on items other than rent. It creates workforce housing for rural areas, helping employers. MHDF loans help provide safe, quality homes for thousands of families.

We look forward to the future and continuing to meet the ever-changing financing challenges in the development and preservation of affordable housing for our communities.

# NOT YOUR TRADITIONAL LENDER

Frequently, organizations are interested in bringing affordable housing to their communities but are unable to pay for the upfront costs or find themselves needing additional financing. Traditional lenders and financing sources are not always able to help solve this problem. This is where MHDF steps up.

MHDF utilizes a loan pool that is capitalized by low-cost, long-term capital from various partners and stakeholders. Funds from this pool are loaned out to sponsors of affordable housing properties when they are unable to otherwise fill a financing need. Our loans have:

- A simple application process
- Quick turnaround
- Low origination fees
- Competitive interest rates
- Consolidated closing and disbursement process with Midwest Housing Equity Group
- Flexible repayment terms based upon the specific property's needs
- MHDF staff also offers technical assistance to our developer partners at no cost. This technical assistance focuses on financial structuring, feasibility and creating capacity in the local community.

Loans are made to affordable housing sponsors, developers and property owners in conjunction with Midwest Housing Equity Group's Low-income Housing Tax Credit equity investments. It is MHDF's priority to serve households with incomes at or below 60% of the area median income. On a limited basis, MHDF also provides loans to sponsors of workforce housing that is not income restricted and has rents affordable to low-income households. 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.





# WHAT MHDF CAN OFFER YOU

**Predevelopment Acquisition Loans** are typically made to a sponsor or developer who has received an allocation of Low-Income Housing Tax Credits for an affordable housing property and needs capital to purchase land or existing buildings. The loans can also be used to pay for market studies, architectural drawings and other items that are necessary to secure construction financing for the development. Many lenders consider predevelopment loans to be not acceptable to their board or regulators. Because of this these loans are generally not available in the traditional financing markets.

**Construction Loans** are made after the financing sources have been approved and construction is ready to begin. The loans are used to pay for construction related costs either until the traditional construction loan is secured or construction is complete. In some cases, they are used to pay construction related costs that are not covered by the primary construction lender. Construction loans are also provided if the appraised value of the property is not high enough to allow the primary construction lender to provide 100% of the needed construction financing. On a limited basis MHDF provides primary construction loans for the development of affordable housing.

**Gap Financing Loans** are necessary when the total costs of the property exceed the available sources of financing. This most frequently occurs when permanent sources of funds are either delayed or not approved. It can also occur when a property's actual costs exceed budgeted costs or when unexpected costs arise such as additional construction requirements from local government agencies.

**Permanent Loans** are made after construction is complete and the project is placed in service. These loans are first lien mortgage loans used as the primary loan source after the project is completed. At times, these loans are for small projects in rural communities and other markets where property values are depressed, and it is difficult for the local lender to provide the necessary permanent loan with a fixed interest rate.

**Technical Assistance** is offered to potential borrowers, their affordable housing development team, and key stakeholders in the housing development. Technical assistance includes determination of local housing needs, project development team formation, financial packaging, determination of feasibility, discussion of development steps, collaboration with others to obtain needed financing, and assistance to borrowers after the loan closing to address concerns that arise during project development and operation.

# INVESTING IN MHDF

MHDF's loan pool is an effective way to invest in your community and help:

- leverage other private and public resources
- build capacity of nonprofit and community-based organizations
- develop much needed and frequently difficult to produce sustainable affordable housing
- promote economic development by providing housing for local employees and - by improving neighborhoods so that more people are nearby to work and shop
- improve community stability

In addition to all the social and societal benefits, an investment in MHDF can bring a return on your investment. Many of our investments are 10-year loans, on which we pay quarterly interest of 1% to 3%. The investor receives their capital back in year ten, or they can reinvest it with us for another term. We also have 3-5-year loans. In addition to quarterly interest payments, many of our investors receive CRA credit for their investment/loan and our ability to leverage their funds with others can provide additional CRA credit.

Each year MHDF receives more requests for financing than it can fund given the amount of capital in the loan pool. The need for MHDF's financing products continues to grow as other sources of low-cost financing are becoming less available and affordable. Your investment in MHDF could make all the difference.

MHDF has been in operation since 2000 and has had less than 0.10% loan losses. The success of our loan fund is due to the direct involvement of MHDF throughout the entire development, construction and operation process. We know the properties and the borrowers and can determine the potential success of each property. We will keep collaborating with the borrower and the various financing sources until the property is a success.



# INVESTORS & GRANT PROVIDERS

The results achieved this year and every year by MHDF are only made possible through the financial investments, grants and support from the following partners:

## 2024 Partners

- Bank of Hays
- Capital Federal Savings Bank
- CareSource
- CDFI Fund
- Common Spirit
- FHLBank of Topeka
- First National Bank Omaha
- First National Bank of Texas
- MacKenzie Scott
- Midwest Housing Equity Group
- Nebraska Dept. of Economic Development
- Omaha Community Foundation
- Opportunity Finance Network
- Peter Kiewit Foundation
- REI Oklahoma
- Sunflower Bank
- U.S. Bancorp CDC
- Wells Fargo CDC

## Past Partners

American National Bank, Arzon Development, Bank of Oklahoma, Bank of the West, City of Schuyler, Colorado Federal Savings Bank, Dana Point Development Corp., Dauby O'Connor & Zaleski, LLC, Enterprise, Fannie Mae, Farmers & Merchants Investment, Freddie Mac, First American Title Insurance Company, Foutch Brothers, LLC, Holy Name Housing Corporation, Horizon Bank, Intrust, Iowa Finance Authority, J Development Company, Kansas Housing Resources Corp., Kutak Rock LLP, Lund Ross, LW Development, McAuley Fund, Mesner Development Co., Nebraska Community Foundation, Omaha Economic Dev. Corp., Region 6 Behavioral Healthcare, SPARK, The Sherwood Foundation, Urban Housing Partners

# LOANS PROVIDED IN 2024

## Gap Financing

Heartside Hill, Fort Collins, CO  
VHMM, Lebanon, MO  
Carol's Village Gardens, Davenport, IA  
Blue Hills Townhomes, Kansas City, KS

## Permanent Financing

Country Club Tower, Wichita, KS  
OSV, Olathe, KS  
Crossline Retirement I, Kansas City, KS  
Washington Court, Bismarck, ND  
The Asher, Sioux City, IA  
Townhomes at Creekside, Ames, IA  
Sioux Falls Senior VI, Sioux Falls, SD  
Cottonwood Trail, Mt. Vernon, IA  
Blackstone Flats, Rapid City, SD  
Desert Dove Apartments, Tucson, AZ  
CHI Beaverdale, Des Moines, IA  
Mary's Heights Aps, Watertown, SD  
Copper Flats, Mitchell, SD  
Lindenwoods VII, Durant, OK  
OPG Green Meadows, San Angelo, TX

## Construction

Country Club Tower, Wichita, KS  
Copper Flats, Mitchell, SD  
OPG Green Meadows, San Angelo, TX

## Predevelopment & Acquisition

OPG Grand View Heights, Laramie, WY  
Avalon at Mandan, Mandan, ND  
Enclave Estates at Chickasha, Chickasha, OK





Heartside Hill, Fort Collins, CO - Gap Financing Loan



Sioux Falls Senior VI, Sioux Falls, SD - Permanent Financing Loan

# BOARD OF DIRECTORS & STAFF

Kirk Kellner, Wells Fargo Regional President (retired)

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## **MHDF Staff**

Dave Fisher, President

Lara Huskey, Executive Vice President

Paula Kaslon, Senior Loan Officer

Jennifer Deason, Loan Closing Specialist





VHMM, Lebanon, MO - Gap Financing Loan



Washington Court, Bismarck, ND -Permanent Financing Loan



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