



# Financing for Affordable Rental Housing and Homeownership Development



## General Loan Terms

<b>Eligible Borrowers</b>	Nonprofits, housing authorities, tribal entities and for-profit developers
<b>Eligible Projects</b>	Affordable or mixed income rental housing, homeownership development (subdivisions or scattered site), or cooperative/resident controlled communities.
<b>Target Locations</b>	Rural areas, by USDA or Duty to Serve definitions*
<b>Uses</b>	Predevelopment, acquisition, site development, construction, bridge and permanent financing for development of affordable and mixed income housing.
<b>Loan Amount</b>	\$50,000 - \$1,500,000 (larger loans possible in partnership with other lenders).
<b>Interest Rate</b>	From 4.75%
<b>Loan Term and Amortization</b>	Based on project needs
<b>Collateral/Security</b>	Real estate collateral preferred; up to 100% LTV
<b>Recourse</b>	Full recourse to borrower
<b>Fees</b>	1% loan fee (50% due at acceptance of terms; 50% due at closing).

\*see <https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do> and <https://www.fhfa.gov/DataTools/Downloads/Pages/Duty-to-Serve-Data.aspx>

About HAC Lending: HAC’s loan fund provides vital capital to rural housing developers: community-based, nonprofit organizations, housing development corporations, self-help housing sponsors, farm worker organizations, cooperatives, Indian tribes, public and governmental agencies, and private developers. HAC funds help these organizations improve housing and living standards for rural, low-income households.

**For more information or to apply for HAC financing please contact Kristin Blum, Senior Loan Officer, at 207-596-0033, [kristin@ruralhome.org](mailto:kristin@ruralhome.org), or Eileen Neely, Director of Lending, at 202-869-2363 [eileen@ruralhome.org](mailto:eileen@ruralhome.org);**

**For questions on SHOP financing, please contact Carlos Muralles, 202-569-2446 or [Carlos@ruralhome.org](mailto:Carlos@ruralhome.org).**



# HOUSING ASSISTANCE COUNCIL

## Loan Fund and Products Overview

The Housing Assistance Council (HAC) operates a revolving loan fund that provides vital capital to rural housing developers working to develop or preserve affordable housing, including community-based, nonprofit organizations, housing development corporations, self-help housing sponsors, farm worker organizations, for-profit developers, cooperatives, Indian tribes, and public agencies. HAC funds help these organizations improve housing and living standards for rural, low- and very low-income households. HAC funds help create new single- or multi-family housing, preserve existing affordable housing including USDA RD 515 and 514 units, rehabilitate existing housing, and implement green building/healthy home design and construction techniques in rural communities.

HAC's low-cost financing is available to affordable housing developers working in rural communities nationwide. Funds are currently available at rates as low as 4.75%. Loan terms are based on project needs. Loan amounts may not exceed available collateral. Loans must be repayable from the project's cash flow and/or construction and permanent financing.

HAC provides financing to affordable housing projects at all stages of development, including:

**PRE-DEVELOPMENT** Loan funds are available for predevelopment expenses for development or preservation of affordable housing. Eligible uses include land options, down payments, architectural and engineering fees, site surveys, soil tests, market studies, appraisals, environmental engineering studies, archeological clearances, legal expenses and other soft costs, and transaction costs related to the early stages of development.

**SITE/PROPERTY ACQUISITION** Loan funds are available for acquisition of land or buildings and related costs.

**SITE DEVELOPMENT** HAC loan funds may finance site development expenses associated with single-family and multi-family development including self-help housing. Eligible expenses are impact and permit fees, engineering costs, clearing and grading, and all aspects of infrastructure installation including utilities, streets, sidewalks etc.

**CONSTRUCTION** Loan funds may finance new construction or rehabilitation of affordable housing. Eligible expenses are construction materials and labor, inspection fees, legal costs, title and recording fees and other soft costs incurred during construction. Costs incurred by HAC, including legal fees, construction inspection fees, title and recording, etc. will be charged to the borrower and, if necessary, financed by the HAC loan.

**MULTI-PROJECT LINE OF CREDIT** HAC will provide flexible, revolving capital to meet project financing needs for experienced affordable housing developers with multiple projects in their pipeline, typically for predevelopment and/or acquisition expenses. Loans are repaid from each project's construction closing.

**MINI-PERMANENT** HAC provides longer term loans to finance new or existing rental housing to be repaid from project operations (5-7 year term; amortizing on the shortest schedule feasible, up to 20 years).

**PRESERVATION** HAC's Preservation Revolving Loan Fund (PRLF) provides capital to preserve and rehabilitate existing USDA Rural Housing Service Section 514 and 515 multi-family properties. Loan funds may finance short- or long-term costs of preservation and rehabilitation of these properties. PRLF loans may have a term up to 20 years but may be structured with an amortization period up to 30 years.

**SELF-HELP HOUSING FORGIVABLE LOANS** HAC provides loan funds and forgivable loan through HUD's Self-Help Homeownership Opportunity Program (SHOP) to nonprofit self-help housing providers for land acquisition and infrastructure improvements for the development of self-help units. Borrowers must ensure that the homebuyer's income is 80% or below the area median income and that they contribute significant sweat equity towards construction. No interest, forgivable loans up to \$15,000 per unit are made available through an annual competitive application process. . Up to 90% of the award is forgivable when the borrower has satisfied program requirements. The forgivable portion may become a grant to the borrower for its own revolving loan fund for future development of self-help housing or to provide direct subsidies to participating homebuyers. SHOP funds are subject to OSHA and HUD requirements. If you have never received HAC SHOP funds before, please contact the HAC loan fund staff to be included on HAC's SHOP announcement list.

**OTHER SELF-HELP HOUSING SITE ACQUISITION AND DEVELOPMENT LOANS** HAC makes 0% loans, up to \$15,000 per unit, for SHOP-eligible expenses when forgivable loan funds are not available, or awarded or additional loan funds are needed. These loans are not forgivable but are available on extremely favorable terms.