Affordable Housing Opportunity Fund

The National Housing Trust Community Development Fund (NHTCDF) serves as Montgomery County, Maryland's Affordable Housing Opportunity Fund (AHOF) manager. The AHOF is **a dedicated pool of funds available for short-term loans to acquire and preserve affordable housing**, including a revolving $20 million contributed by the County. NHTCDF is a Community Development Financial Institution dedicated to creating and preserving affordable homes. As fund manager, NHTCDF coordinates applications from developers and arranges private capital to combine with Montgomery County funds to respond rapidly to opportunities.

Eligibility and Terms

Loan eligibility and terms are detailed below, with flexibility for exceptions. Contact Alexandria Cabral at acabral@nhtinc.org to learn more.

Project Description	Acquisition financing for i) the preservation of existing affordable housing units (i.e. building acquisition) or ii) the projected creation of new affordable housing units (i.e. land acquisition) throughout Montgomery County, MD.
Affordability Requirements	Properties where at least 50% of units are restricted to households at or below 70% AMI. Units at or below 70% AMI are required to remain affordable at the current affordability level for a minimum of 10 years from date of acquisition, irrespective of repayment of financing.
Borrower Profile	501c3 nonprofits, limited partnerships controlled by nonprofits, and for-profit developers that are developing affordable housing consistent with NHTCDF's and Montgomery County's missions.
Loan Uses	Acquisition, rehab costs associated with acquisition, bridge financing as it relates to acquisition and/or establishing long-term affordability, closing and other soft costs.
Housing Type	Available for rental and homeownership, multifamily and single family developments, preservation and new construction.

Loan Size	$1,000,000 to $30,000,000. Other amounts will be considered on a case-by-case basis.
Loan Term	Up to 3 years
Rate	4.95%. Lower interest rates are available for projects that commit majority of units to households at or below 50% AMI and/or are located within one mile of a future Purple Line station. Unsecured predevelopment funds may increase the overall rate.
Fees	▪ Application fee of 1% (credited toward the Origination fee at close, partially refundable should loan not move forward). ▪ Origination fee up to 1.5% of total loan amounts ▪ Legal Fees up to 0.5% of total loan amounts ▪ Borrower is responsible for all closing and third-party expenses.
Security/ Collateral	▪ Senior or subordinate liens on real estate are preferred and may be required. ▪ Maximum 105% LTV for secured Acquisition Loans.
Repayment	Interest only with principal due at the earlier of i) maturity or ii) long-term financing, including public sector financing and close of construction/permanent financing.

How do I apply?
Send loan inquiries to Alexandria Cabral at acabral@nhtinc.org with "AHOF Loan Inquiry" as part of the subject or call 202-519-2181.

What is the expected turnaround time to fund transactions?
The AHOF is structured to make lending decisions quickly. Good faith efforts will be made to commit funds within 30 days of application and close loans within 60 days.

What type of projects will be prioritized?
The AHOF will prioritize developments presenting risk of loss of affordability or potential to expand affordable housing, including factors of i) proximity to transit corridor, ii) affordability of current rents relative to market, iii) additional density opportunity, and iv) potential for long-term affordability financing which can achieve 20% of the units affordable at 50% AMI without displacement.

What are eligible loan repayment sources?
While repayment sources will be evaluated on a case-by-case basis, most transactions will be underwritten with Low Income Housing Tax Credits (LIHTC) as the primary take out. Fund managers will also consider other sources for repayment, including long-term public agency financing and affordable mortgage products for small NOAH preservation.

Loans are typically made with general recourse to the Borrower. The borrower or sponsor must demonstrate the ability to repay the loan in the event the transaction does not close. Repayment ability may be demonstrated through the strength of the borrower's balance sheet, a guarantee from another entity, a lien on valuable property, or refundable deposits.

What is project affordability requirement?
Transactions will include a requirement for the units at or below 70% AMI to remain affordable at that level for a minimum of 10 years from the date of the financing, irrespective of the repayment of financing, except where permanent financing requires additional years of affordability.

Can I count on Montgomery County long-term subsidy if I get this loan?
Montgomery County's affordable housing priorities are consistent across all programs, however the AHOF is separate from DHCA's other funding sources, including Housing Initiative Fund (HIF) funds. Receiving an AHOF loan does not guarantee receiving long-term subsidy from other County sources, but such support can be considered in loan repayment planning.

Who are eligible borrowers or sponsors?
Loans are available to nonprofits, limited partnerships controlled by nonprofits, and for-profit developers who are developing affordable housing that is consistent with NHTCDF's and Montgomery County's mission. For-profit developer borrowers will need to demonstrate that i) the proposed project fulfills a charitable purpose related to the provision of long-term affordable housing, ii) the short- and long-term primary beneficiaries of the project will be low- and moderate-income individuals and families, and iii) the use of funds will not result in more than an incidental private benefit to the borrower.

What is the borrower equity requirement?
Borrowers are generally expected to contribute 10% of total cost for the development stage for which the loan is being requested. Smaller contributions will be considered on a case-by-case basis based on the proposed transaction risk profile and the public benefit priorities addressed.

What are eligible uses of acquisition or bridge loan funds?

- Total, or a portion of, acquisition costs (purchase money financing)
- Bridge financing until permanent financing closed
- Rehabilitation
- Portion of permanent financing within loan term
- Other similar costs approved on a case-by-case basis