## Detroit Housing for the Future Fund (DHFF)

### Product Description: Low Interest Preservation Acquisition Mini-Perm Loan

| Problem Statement: | • Many regulated affordable housing projects in Detroit are reaching expiration  
|                    | • Owners of NOAH buildings typically do not have access to mainstream financing products  
|                    | • These projects are unable to service typical debt products found in the marketplace  
|                    | • Product will reduce the need for additional subsidy sources and provide long term capital at discounted interest  
| Product Description: | • Senior loan  
|                    | • Allows for refinancing of existing debt.  
|                    | • Intended for multifamily buildings of 75 units or less, but not exclusively  
|                    | • Renovation costs projected at moderate level per unit  
| Affordability Covenants | Minimum affordability requirements:  
| |   • At least 50% of units must be at 80% AMI or below  
| |   • Remaining 50% of units at 120% AMI or below  
| |   Deeper affordability is encouraged and will be scored higher  
| |   Will preserve affordability requirements for existing regulated projects  
| Eligible Borrowers: | • Owners or purchasers of existing regulated projects willing to preserve unit affordability as set through loan covenants  
| | • Owners or purchasers of NOAH buildings willing to meet affordability requirements  
| | • For-profit or Nonprofit  
| | • Small/newer developers who are partnered with experienced development consultants  
| Geographic Deployment: | • Properties must be located within Detroit city limits  
| Pricing | • No less than 3%  
| Key Underwriting Guidelines: | • Amount: Up to $5 million  
| | • Term: Up to 15 years  
| | • Amortization Period: Up to 30 years  
| | • Interest Only Period: Up to 1 year for construction period with exceptions for longer construction periods  
| | • LTV: Up to 85%  
| | • Debt Coverage Ratio: 1.10  
| | • Developer Equity: Minimum 5% for nonprofit; 5-10% for for-profit  
| | • Guarantees: Joint & Several Payment Guarantee (if for-profit). Corporate Guarantee from project sponsoring organization (if nonprofit)  
| | • Recourse: To borrower entity  
| | • Security: Senior lien, additional collateral package to be negotiated on deal-by-deal basis  
| | • Due diligence materials: as required by DHFF underwriters  
| Repayment Source: | • Monthly Interest Payments during Construction  
| | • Monthly Principal & Interest Payments during Term  
| | • Refinance of Outstanding Principal at Maturity  
| Borrower Fees: | • Origination: 1%  
| | • Legal: Reimbursed by borrower, eligible from loan proceeds  

### Contact Information:
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