

Tab 45 Developer Opportunity Fund

Introduction

PHFA is seeking to assist, promote and grow the financial capacity and competencies of small, emerging, and/or nonprofit developers that are awarded Low Income Housing Tax Credits (LIHTC). The Agency is offering a Developer Opportunity Fund (DOF). Based upon the needs of the developer as determined by the Agency, the DOF may provide interim short-term financing or lines of credit. For those developers that demonstrate a financial need based upon a review of the annual financial statements and/or other documentation requested by the Agency as well as the necessary competencies to complete a project with the Agency's DOF and other assistance, the Agency may consider providing a Preliminary Offer of Financing for a loan or DOF line of credit.

Purpose

The purpose of the DOF financing is twofold:

(1) to help small, emerging, and/or nonprofit developers that have financial needs access a source of financing to cover approved predevelopment costs or after award and closing a line of credit that may be drawn to address cost overruns (construction and operating costs that exceed budgeted costs); and,

(2) to help small, emerging, and/or nonprofit developers that do not have standing relationships with equity investors and/or lenders with additional sources of low-cost funds that can help them secure an equity investor.

Duration

The predevelopment loans are interim and will need to be paid before the project closes or at the time of closing. The lines of credit are a source of funds that developers can use for approved cost overruns during construction and/or during the first five, ten, or fifteen years of operation. The lines will be non-amortizing but must be paid from excess cash flow with the full amount due at the end of the compliance period or any subsequent refinancing.

Contingencies

Awarding a DOF loan or line of credit is solely within PHFA's discretion. An award will only be made if a developer receives a reservation of LIHTCs and satisfies all additional Agency requirements. The developer must not have any debts or obligations owed to the Commonwealth including tax delinquencies, outstanding liens or judgements and must be in good standing at the Agency. Additionally, the Agency at its sole discretion will size the loan or line of credit and negotiate final terms. If awarded, the loans will be made pre-development while the lines of credit will close at the same time the overall project financing closes. All awards will be recorded as a lien on the property.

NOTE: The DOF loans and lines of credit are subject to availability of funds at the time of closing and are awarded in the Agency's sole discretion.

Application Process

To apply for the Developer Opportunity Fund financing, please contact Jordan Laird at jlaird@phfa.org or at 717-780-3843. The Agency will review information from the developer and upon its discretion provide a preliminary, non-binding Offer of Financing for inclusion in Tab 45 of the LIHTC application.