



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 \$14 million of revolving County funds available for short-term loans to acquire and preserve affordable housing. 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.

NHTCDF is now accepting applications for AHOF financing from affordable housing developers seeking to acquire properties to preserve affordability and protect tenants from displacement. General loan eligibility and terms are detailed below. Contact Klade Hare at khare@nhtinc.org with the subject “AHOF Loan Inquiry” or call 202-333-8921 ext. 131 to learn more.

Eligibility and Terms – Rates as of March 31, 2022

Purpose	Financing for the preservation of existing affordable housing or the projected creation of affordable housing units at or below 70% AMI throughout Montgomery County, MD. Both affordable rental and homeownership opportunities are eligible. AHOF Loans will use an efficient underwriting and closing structure to provide timely secured acquisition loans to cover the entire acquisition price. Additional funding can include closing costs as well as unsecured predevelopment financing to support work necessary for securing financing that enables long term affordability.
Affordability Requirements	Properties where at least half of the 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.
Geography	Montgomery County, Maryland
Eligible Borrowers/ Sponsors	Nonprofit developers, limited partnerships controlled by nonprofits, and for-profit developers developing affordable housing
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
Interest Rate	The rate on secured loans is currently 4.95% or lower. 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.



Affordable Housing Opportunity Fund

Fees	<ul style="list-style-type: none"> ▪ Origination fee up to 1.5% of total loan amounts ▪ Legal Fees up to 0.5% of total loan amounts ▪ A partially refundable application fee will be charged. The application fee will be credited toward the origination fee at closing, adding no additional expense to completed transactions. ▪ Borrower is responsible for all closing and third-party expenses.
Collateral/ Loan-to-Value	<ul style="list-style-type: none"> ▪ Acquisition loans secured in first or subordinate lien position on real estate ▪ Maximum 105% LTV for secured Acquisition Loans
Predevelopment and Bridge Loans	<p>Additional loans may be eligible as unsecured with full recourse to developer’s balance sheet. Subordinate liens are preferred and may be required.</p>
Repayment	<p>Interest only with principal due at maturity or upon financing of long-term affordability, including public sector financing, construction loan closing, closing of permanent financing.</p>





Affordable Housing Opportunity Fund

FAQs

How do I apply?

Send loan inquiries to Kladé Hare at khare@nhtinc.org with the subject "AHOF Loan Inquiry" or call 202-333-8921 ext. 131.

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 must support preservation activity consistent with occupied at-risk multifamily housing with at least 50% of units currently affordable to households earning up to 70% of Area Median Income (AMI), vacant housing, or land representing opportunity for the creation of dedicated affordable housing.

The AHOF will prioritize developments presenting risk of loss of affordability or potential to expand affordable housing, including factors of (1) proximity to transit corridor, (2) affordability of current rents relative to market, (3) additional density opportunity, and (4) 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 other funding sources including 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.



Affordable Housing Opportunity Fund

Who are eligible borrowers or sponsors?

Loans are available to nonprofit borrowers, limited partnerships controlled by nonprofits, and for-profit developers who are developing affordable housing that is consistent with NHTCDF and Montgomery County's mission. For-profit developer borrowers will need to demonstrate (1) that the proposed project fulfills a charitable purpose related to the provision of long-term affordable housing, (2) that the short- and long-term primary beneficiaries of the project will be low- and moderate-income individuals and families and (3) that the use of the 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 acquisition and predevelopment period costs. 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 predevelopment loan funds?

- Earnest money deposit
- Purchase deposit
- Architect/engineer services
- Legal fees
- Environmental consultants
- Finance & development consultants
- Tax credit consultants
- Finance related fees
- Market studies
- Project related sponsor overhead
- Unsecured acquisition capital
- Other similar costs approved on a case-by-case basis

What are eligible uses of acquisition or bridge loan funds?

- Total or part of 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