



Developers of Color (DOC) Predevelopment Matching Grant Award

The Affordable Housing Leverage Fund (AHLF) is a public-private partnership created to increase investment into affordable housing development and preservation in Detroit. AHLF is comprised of distinct financing tools administered by collaborating Fund Managers including the City of Detroit Housing and Revitalization Department (HRD) and Local Initiatives Support Corporation (LISC). AHLF is expected to contribute to the goal of preserving 10,000 units of existing affordable housing and the development of 2,000 units of new affordable housing. The AHLF will primarily finance affordable multi-family rental housing; however single family projects will be considered. AHLF will invest in housing that is affordable to households at or below 60% Area Median Income.

Detroit Housing for the Future Fund (DHFF), managed by LISC, is designed to support the preservation and development of rental units that serve households below 60% of the Area Median Income. Some funding sources have additional affordability requirements, including deeper affordability targeting. Recognizing that housing cost burdens are a particularly acute challenge for Detroit residents at the lower end of the income spectrum, DHFF will seek to invest in units that are accessible to households below 50% of AMI as well as permanent supportive housing.

Affordable housing developers of color are underrepresented in the City’s growth and revitalization efforts.

Predevelopment financing is essential for paying the many expenses of developing housing that occur before breaking ground. These expenses can be difficult to cover for developers that do not have access to additional cash for up front expenses prior to the start of construction.

To grow the pipeline of developers of color leading affordable housing development and preservation projects, LISC is administering a Developers of Color (DOC) Predevelopment Matching Grant program that offers matching funds to cover a portion of project’s predevelopment expenses and soft costs.

Eligible Grantees	<ul style="list-style-type: none"> • Non-profit (Organization lead is of color, majority of board is of color) • For-profit Developers/Owners of color • Less experienced Developers/Owners of color working with an experienced consultant
Project Eligibility	<ul style="list-style-type: none"> • Development projects must be in the City of Detroit • Applicants must demonstrate ownership or have site control in process • Evidence of property insurance • Feasible project readiness-developers should plan to submit proposed projects to the NOFA within 90 days of submitting predevelopment grant application • Projects must be intended to substantially serve as affordable housing, either restricted or naturally occurring affordable housing (NOAH) • Projects must be on schedule to close on construction financing within two years • Developer must provide evidence of required 5%-10% minimum equity for DHFF projects • Developer agrees to provide a “first look” opportunity for construction financing to LISC and/or National Equity Fund (LIHTC)

Ineligible Expenses:	<ul style="list-style-type: none"> • Costs of property acquisition • Costs related to displacement and relocation • Refinancing of existing debt • Site preparation, environmental clean-up or construction costs • Holding costs associated with the property, such as property taxes, insurance and debt service • Any other costs deemed ineligible by AHLF/DHCC/LISC
Affordability Covenants:	<ul style="list-style-type: none"> • Minimum requirements for mixed income projects follow Inclusionary Housing Ordinance guidelines—15% of units restricted to 60% AMI or below, and an additional 5% at 50% or below. Deeper income targeting encouraged • NOAH projects follow general NOAH guidelines—50% of units at 80% AMI or below. Remaining 50% of units at 120% AMI or below • Affordability requirements will remain in place for a minimum period of the loan term
Key Underwriting Guidelines:	<ul style="list-style-type: none"> • Amount: Up to \$100,000 • Term: Up to two years • Developer Equity: Minimum 5% • Acceptable DCR and LTV based on potential DHFF loan product • Guarantees (as allowable under regulations): Joint & Several Payment Guarantee (if for-profit). Corporate Guarantee from project sponsoring organization (if nonprofit) • Recourse: To borrower entity, if allowed per regulations • Interest 0% • Conventional financing and DHFF Loan Products, soft financing, and/or LIHTC or other equity sources must be at maximum amounts allowable under applicable underwriting parameters • Due diligence materials: as required by DHFF underwriters
Repayment Source:	<ul style="list-style-type: none"> • N/A

Applicants requesting a Predevelopment Grant must identify appropriate professional contractors, acceptable to and approved by AHLF/DHFF/LISC, experienced in providing third party services and/or reports.

AHLF/DHFF/LISC must verify that an organization is not on a “debarred list” before approval of any project. AHLF/DHFF/LISC will reference this list at the time of application and again before closing to ensure that no members of the project team and/or third party service providers are debarred.

All Predevelopment Grant funds regardless of source must be allocated to allowable predevelopment costs verified during a review of invoices by the Fund Manager. Funds will not be counted as a predevelopment grant program match if they are not so allocated.

For more information or to download the application please visits: www.Detroithousingforthefuturefund.org

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