CDFI Resources to Support Affordable Housing

Rural Housing Coalition of New York Annual Conference
Lake George, New York
September 18-20, 2023

www.leviticusfund.org
Our History & Mission

❑ The impetus to create the Leviticus Fund came from members of the Tri-State Coalition for Responsible Investment, a coalition of religious orders from the New York-New Jersey-Connecticut area who were already collaborating on corporate responsibility work

❑ Leviticus was founded in 1983 by 27 religious communities

❑ Collectively they pooled $360,000 in initial investments; any losses resulting from a defaulting loan would be shared equally by all founding members

❑ “The Leviticus 25:23 Alternative Fund is rooted in faith and the call for economic justice. The Fund provides flexible capital, expertise, and advocacy to propel the growth of more equitable communities. Leviticus creates opportunities for vulnerable, low-income people – especially those harmed by systemic racial and ethnic discrimination – to thrive and live with dignity.”
Our Business Model

- A cycle of revolving capital:
  - Capital flows in as either investments, grants or donations
  - Capital flows out as project-specific loans

- We provide highly flexible, fixed-rate, low-cost financing primarily to nonprofit developers of:
  - Affordable and supportive housing
  - Childcare and early education centers
  - Charter public schools
  - Health care and human services facilities
  - Economic development projects

- We offer tailored technical guidance to borrowers and potential borrowers project finance and development-related issues

- We strive to serve our nonprofits in tangible ways that makes their challenging work easier
Our Work In “Upstate” New York

In the last 7 years we’ve committed loans in these NYS communities:

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Financing has covered three phases of affordable housing production: (i) pre-construction, (ii) construction/rehab, and (iii) permanent loans
Our Standard Loan Products

- Pre-construction (acquisition & predevelopment loans)
- Bridge (during all three phases of development)
- Construction (which includes rehab and retrofit)
- Mini-Permanent (amortizing, up to 10-year loan terms)
- Permanent (amortizing, more than 10-years, up to 30)
- Revolving development facility
- Revolving enterprise loan

Our loans:
- Start at $50,000 and go up to $5 million, depending on the loan product
- Have a term from 2 years up to 10 years or longer, depending on the loan product
- 1.25% commitment fee for loans over $100,000, 2.25% commitment fee for loans under $100,000
- No closing fee, prepayment fee or lender legal fees
Empowering Diverse Real Estate Entrepreneurs (EDREE)

- **Purpose**
  - To address the struggle some BIPOC-led and owned companies accessing predevelopment financing needed to launch new projects, or development financing to move them forward
  - Predevelopment, acquisition and rehab loans

- **Program Goals**
  - Increasing earnings of developer principals and smaller nonprofits led by people of color
  - Building net worth of developer principals and equity of smaller nonprofits led by people of color

- **Emerging Developers**
  - Small or newer developers with **less than** three years of significant development experience and **less than** three prior, independently completed development projects and/or 250 completed residential units.
  - Smaller loan sizes

- **Experienced Developers**
  - Proven track record of development, management, or disposition in real estate with **more than** three years of significant development experience and **more than** three prior, independently completed development projects and/or 250 completed residential units.
  - Larger loan sizes
Project Start Fund (PSF)

- The PSF provides early, flexible, low-cost loan capital to nonprofits that are building, renovating or preserving rental housing in NYS for individuals and families having incomes below 80% of AMI, with a preference for very low-income (50% AMI) and/or extremely low-income (30% AMI) tenants
  - At least 20% of units in the Project must be leased by households earning at or below 80% of AMI
  - Housing units must meet the affordability requirements for at least 10 years, beginning after project completion and at initial occupancy
  - Income recertification reporting to Leviticus over 10 years, making a LIHTC project a good candidate for a PSF loan

- PSF loan details:
  - Predevelopment, acquisition and bridge loans available
  - Can be as large as $5 million (acquisition loans)
  - Have a maximum term of 4 years
  - Interest rate of 5.25%
  - 1.25% commitment fee
  - No closing, prepayment or lender legal fees
Some of Our Value Propositions

- We lend to nonprofit organizations (i) so they can own neighborhood assets, creating and preserving affordable housing for the long run, and (ii) to reduce the chance that affordable units will be lost from the housing stock when regulatory restrictions on tenant incomes expire.

- We aim to (i) fill project financing gaps, and (ii) provide an economically helpful resource that strengthens a project and delivers flexibility and additional economic benefit to the project and/or borrower.

- We are a listening organization. We seek to know the needs of the people and communities where we work and support nonprofits who have rightly identified those needs and are directly addressing them.

- We are a learning organization. Our staff is encouraged to nurture their curiosity and acquire new information and to understand the roots and history of poverty and racial, social and economic injustice as well as the inequities that suppress people and communities.