

**HOST Housing Investment Term Sheets**

Updated: April 13, 2020

The following term sheets are designed to provide transparent and predictable investment guidelines for the Department of Housing Stability (HOST) borrowers. Term sheets are intended to streamline decision-making and create more efficient processes for contract development and execution. Loan requests outside of the adopted term sheets will be considered on an exception basis, but would require approval from HOST's Loan Review Committee. Term sheets will be used to guide investment decisions for HOST's local and federal funds and HOST will determine whether local funds, federal funds or some combination thereof are appropriate given the proposed development and population served.

HOST will continue to evaluate all proposed investment opportunities based on overarching housing priorities. HOST's project specific priorities include mixed-income development, deeply affordable units for households earning below 30% of the Area Median Income, and affordable housing for special populations. HOST's location specific priorities include housing in proximity to transit, in neighborhoods vulnerable to gentrification and in areas with "access to opportunity" factors such as high quality education, good paying jobs and other amenities.

Purpose	4% LIHTC + State Credits		9% LIHTC		4% LIHTC		For Sale Development	Land Acquisition	Property Acquisition/Rehabilitation		Non-LIHTC
	Incentivize more units below 30% AMI		Incentivize more units below 30% AMI		Enhance feasibility of 4% LIHTC projects and incentivize more units below 30% AMI		Construction of for-sale units below 80% AMI	Acquisition of land for development of affordable housing	Acquisition and preservation of existing affordable housing (income restricted or naturally occurring)		Support income restricted units in alignment with housing plan goals within mixed income developments, not supported by LIHTC
	Very Low Income (VLI)	not VLI	Very Low Income (VLI)	not VLI	Very Low Income (VLI)	not VLI			Very Low Income (VLI)	not VLI	
	>30% of units at 30% AMI		>40% of units at 30% AMI		>25% of units at 30% AMI				>25% of units at 30% AMI	all other projects	
OR		OR		OR		OR					
Loan Type	Performance loan	Balloon, Cash Flow, Deferred Amo	Performance loan	Balloon, Cash Flow, or Deferred Amo	Performance loan	Balloon, Cash Flow, or Deferred Amo	Performance loan	Balloon payment loan	Performance loan	Balloon, Cash Flow or Deferred Amo	Balloon, Cash Flow or Deferred Amo
Possible Funding Sources	Federal, Local		Federal, Local		Federal, Local		Federal, Local	Federal, Local	Federal, Local		Federal, Local
Maximum Loan*	\$3,750,000	\$2,225,000	\$3,000,000	\$1,500,000	\$5,250,000	\$3,750,000	\$3,000,000	\$2,500,000	\$3,750,000	\$1,875,000	\$1,500,000
Maximum Loan per Unit*	\$25,000/unit	\$15,000/unit	\$20,000/unit	\$10,000/unit	\$35,000/unit	\$25,000/unit	\$35,000/unit	\$25,000/planned unit	\$50,000/unit	\$25,000/unit	\$25,000/unit
* Loans above these amounts may be considered on an exception basis, but would require approval by the HOST Loan Committee											
Minimum Affordability **	60 years		60 years		60 years		20 years	60 years once constructed	60 years		60 years
Maximum Loan Term **	Covenant term	60 years	Covenant term	60 years	Covenant term	60 years	5 years	5 years	Covenant term	60 years	60 years
Loan Amortization	NA	Up to 60 years	NA	Up to 60 years	NA	Up to 60 years	NA	Interest Only	NA	Up to 60 years	Up to 60 years
** Affordability term must match or exceed loan term											
Interest Rate	NA	1%	NA	1%	NA	1%	NA	1%	NA	1%	1%
Repayment	Required at loss of affordability	3 year payment holiday, option for amortizing (covenant term) or balloon payment	Required at loss of affordability	3 year payment holiday, option for amortizing (covenant term) or balloon payment	Required at loss of affordability	3 year payment holiday, option for amortizing (covenant term) or balloon payment	Required if units are not completed and sold to income-qualified buyers within 5 years	5 year term with up to two one year extensions	Required at loss of affordability	3 year payment holiday, option for amortizing (covenant term) or balloon payment	Interest only first 10 years, followed by 30 year amortization with a call option at refinancing or sale, subject to rights of First Mortgage lender
Repayment Source	NA	Cash flow, refinance, or sale	NA	Cash flow, refinance, or sale	NA	Cash flow, refinance, or sale	NA	Sale of land or refinance, subordinate position behind Regional TOD or other lenders	NA	Cash flow, refinance, or sale	Net operating income of the project
Prepayment	NA or No penalty		NA or No penalty		NA or No penalty		NA	No penalty	No penalty		No penalty
Recourse	Non-recourse		Non-recourse		Non-recourse		Non-recourse	Non-recourse	Non-recourse		Non-recourse
Reserves	As required by priority lender		As required by priority lender		As required by priority lender		As required by priority lender	As required by priority lender	As required by priority lender		As required by priority lender
Loan Call	At refinancing or sale		At refinancing or sale		At refinancing or sale		NA	Due upon sale or development of the property	At refinancing or sale		At refinancing or sale
Special Rules							Additional \$5k/unit per 5 years of additional covenant length up to total of \$40K	At least 51% of the units developed on the property must be affordable to households < 80% AMI			Investment will take into account number of build alternative units required to offset the housing linkage fee. Build alternative units will not be subsidized.
								Affordability restriction running with land, if developer cannot put financing together for development, city will take ownership			
								Subject to analysis of location priority and developability			

**Footnotes:**

\* Supportive Housing (SH) is defined as housing that is decent, safe, affordable, community-based housing that provides tenants with the rights of tenancy and links to intensive supportive services using the Housing First model. Refer to rental housing application guidelines for more details.

- Multiple funding products may be used on the same project in some cases. City funding may be utilized to refinance another city funding product when appropriate.
- Neighborhood and other priorities will be communicated via additional documents alongside the term sheets, on at least an annual basis.
- These term sheets are effective through the end of 2020, subject to revision by HOST.