



GREATER MINNESOTA HOUSING FUND

Affordable Homes. Stable
Communities.

Multifamily Lending

Brainerd Lakes Area Housing Forum | October 2024



gmhf.com

Types of GMHF Lending

Predevelopment Loans

Covers cost of a project at the beginning stages (before construction costs or mortgage costs)

Term: up to 36 months

Acquisition Loans

For purchase of land or buildings before construction/rehab or mortgage costs

Term: up to 36 months

Construction & Bridge/Gap Loans

For construction of new housing units or rehab of existing housing

Term: up to 36 months

Permanent Financing (1st Mortgage)

Long-term financing for multi-family properties

Term: up to 25 years

Construction-to-Perm 1st Mortgage

Converts a construction loan for building a project into long-term mortgage

Term: up to 25 years

Mezzanine Loans (2nd Mortgage)

Low-cost financing that supports development of projects by replacing owner equity.

Term: up to 15 years



Lending at GMHF

GMHF Multifamily Lending

- ✓ GMHF provides several types of loans on a pipeline basis
- ✓ Permanent Financing:
 - Amortizing First Mortgages
 - Tax Increment Financing (TIF) Loans
 - Mezzanine Loans (second mortgages)
- ✓ Interim Financing:
 - Predevelopment Loans
 - Acquisition Loans
 - Construction/ Bridge Loans

1st and 3rd Apartments, Austin

Developer: Three Rivers Community Action Partnership

- 40-unit new construction
- Affordable to households between 30% and 60% AMI
- Features 3- and 4-bedroom units to accommodate larger families
- GMHF provided \$1.2 million first mortgage and \$10 million construction loan
- Other funding included 9% Tax Credits, TIF from City of Austin, and several other deferred funding sources



Photo: Developer's website

Sources & Uses

1st and 3rd Permanent Sources and Uses					
Sources		Per Unit	Uses		Per Unit
GMHF First Mortgage	1,211,000	30,275	New Construction Costs	14,620,367	365,509
City TIF Loan	615,000	15,375	Architect	403,700	10,093
9% Tax Credit Equity	12,442,499	311,062	Legal Fees	35,000	875
Sales Tax/Energy Rebates	457,300	11,433	Tax Credit Fees	103,698	2,592
Local Employer Contribution	600,000	15,000	Professional Fees & Soft Costs	126,150	3,154
County ARPA Funds	250,000	6,250	Developer Fee	750,000	18,750
City Funds	915,000	22,875	Construction Period Interest	380,000	9,500
HRA Funds	180,000	4,500	Financing & Closing Costs	192,225	4,806
Deferred Developer Fee	150,341	3,759	Reserves	210,000	5,250
Total Sources	16,821,140	420,529	Total Uses	16,821,140	420,529

To get a project fully funded it often takes partnership from different **sources** to fund expenses for the project (**uses**)

Royal Manor Apartments, Alexandria



Developer: Southwest MN Housing Partnership

- Acquisition & Rehab of 24-unit Rural Development property
- Rents affordable at 50% AMI, plus 15 units affordable at 30% AMI with RD Rental Assistance
- GMHF provided \$420,000 first mortgage
- MHFA provided \$2.8 million in Housing Impact Bonds (HIB)
- Existing RD loan assumed by new ownership, plus RD approved new loan

Sources & Uses

Royal Manor Permanent Sources and Uses

Sources		Per Unit	Uses		Per Unit
GMHF First Mortgage	420,000	17,500	Acquisition Costs	1,089,254	45,386
RD Loans	775,510	32,313	Rehab Costs	1,833,118	76,380
MHFA HIB	2,850,624	118,776	Architect	113,240	4,718
Sales Tax/Energy Rebates	36,652	1,527	Legal Fees	54,282	2,262
Existing Reserves	39,254	1,636	Professional Fees & Soft Costs	112,668	4,695
		-	Developer Fee	510,000	21,250
		-	Construction Period Interest	55,000	2,292
		-	Financing & Closing Costs	137,630	5,735
		-	Reserves	216,848	9,035
		-			-
Total Sources	4,122,040	171,752	Total Uses	4,122,040	171,752

To get a project fully funded it often takes partnership from different **sources** to fund expenses for the project (**uses**)

Thank you.