



Nonprofit Preservation Fund

(P762301)

Category	Community Development and Housing	Date Last Modified	01/07/24
SubCategory	Housing (MCG)	Administering Agency	Housing & Community Affairs
Planning Area	Countywide	Status	Planning Stage

EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY23	Est FY24	Total 6 Years	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	Beyond 6 Years
Land	50,000	-	35,000	15,000	15,000	-	-	-	-	-	-
TOTAL EXPENDITURES	50,000	-	35,000	15,000	15,000	-	-	-	-	-	-

FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY23	Est FY24	Total 6 Years	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	Beyond 6 Years
Current Revenue: General	1	-	1	-	-	-	-	-	-	-	-
Loan Repayment Proceeds	49,999	-	34,999	15,000	15,000	-	-	-	-	-	-
TOTAL FUNDING SOURCES	50,000	-	35,000	15,000	15,000	-	-	-	-	-	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 25 Request	15,000	Year First Appropriation	FY24
Appropriation FY 26 Request	-	Last FY's Cost Estimate	-
Cumulative Appropriation	35,000		
Expenditure / Encumbrances	-		
Unencumbered Balance	35,000		

PROJECT DESCRIPTION

This project provides funding to preserve existing affordable housing in developments at risk of rent escalation to higher market rents. The fund is expected to reach \$20 million in FY24, with the goal of up to \$50 million in the revolving fund. The Nonprofit Preservation Fund (NPF) CIP will be used to provide capital lending to nonprofit entities to support acquisitions and preservation to ensure continued affordability of the County's existing affordable housing stock.

To qualify for capital lending, entities must be a 501(c)(3) with experience in affordable housing development or be the local housing authority. Loans will be for specific properties, which must:

- have been constructed at least 20 years ago;
- have other necessary capital identified for the acquisition, unless this requirement is conditionally waived for 90 days;
- restrict rental increases on the affordable units to no more than the Voluntary Rent Guidelines (VRG) issued by the Department of Housing & Community Affairs (DHCA);
- agree to a minimum 30-year affordability restriction; and
- achieve at least 20 percent of units at 50 percent of Area Median Income (AMI) or below and 10 percent of units at MPDU level or below within three (3) years of acquisition.

Lending applications will be considered on a rolling basis and are subject to available funds. HOC shall conduct underwriting for each loan and will connect applicants to potential investors for individual projects. DHCA will administer the Fund and will review and approve or reject loan recommendations. County priorities will be taken into consideration during the review of applications.

While HOC is eligible for loans from the Fund, HOC cannot be awarded more than 25 percent of the fund at any given time. Loans will include an origination fee of 1 percent, except for HOC projects, which would not include an origination fee. The maximum loan term is for seven (7) years, which may be extended to a total of ten (10) years in certain instances.

COST CHANGE

Cost change is due to the addition of \$49.99 million funded with an initial transfer of \$19.999 million per Council Resolution 20-239, FY24 Executive transfers and shifts of loan repayments from the Preservation of Naturally Occurring Affordable Housing Fund and the Affordable Housing Acquisition and Preservation projects totaling \$30 million.

PROJECT JUSTIFICATION

The County has over 25,900 unrestricted housing units affordable to households earning under 65 percent of area median income; however, the 2020 Planning Department Preservation Study identified the risk of losing between 7,000 to 11,000 affordable housing units due to expected rent increases.

The Nonprofit Preservation Fund will support efforts by the County's nonprofit development partners to preserve these at-risk properties and will provide much needed additional capital to preserve and create affordable housing units.

OTHER

Resale or control period restrictions will be included to ensure long-term affordability for activities funded with this project.

FISCAL NOTE

The Council may direct up to \$20 million in loan repayments associated with the Preservation of Naturally Occurring Affordable Housing Fund (P762201) project that is received in FY24 to this CIP project. FY24 supplemental in Current Revenue: General for the amount of \$1,000.

FY24 transfers of \$7.020 million in loan repayments from the Preservation of Naturally Occurring Affordable Housing Fund and \$7.980 million of loan repayments in FY24 from the Affordable Housing Acquisition and Preservation projects. FY25 shift of \$15 million from the Preservation of Naturally Occurring Affordable Housing Fund (\$10 million) and the Affordable Housing Acquisition and Preservation (\$5 million) projects.

COORDINATION

Department of Housing and Community Affairs, Housing Opportunities Commission, and nonprofit housing providers and developers.