



LOWCOUNTRY HOUSING TRUST

Predevelopment Loan Program

Purpose

LHT will make loans up to \$10,000 for predevelopment expenses associated with the construction or rehabilitation of specific affordable housing projects. Government entities, non-profit, and for profit affordable housing developers may apply when other private or public funds cannot be acquired, to expedite project development, or to reduce the cost of borrowing funds through a conventional lender. Applications are accepted and evaluated on a continuous basis throughout the year.

Eligible Borrowers

- Nonprofit developers, for profit developers, government entities, nonprofit/for profit developer partnerships.

Eligible Projects

- Loans must be used for specific housing projects, including single and multi-family housing, which include provisions for units affordable to low, very-low, and moderate income households.

Eligible Uses

- Eligible uses include but are not limited to: land options, down payments, architectural and engineering fees, site surveys, soil test borings, market studies, appraisals, environmental engineering studies, archeological clearances, and legal expenses related to site acquisition, zoning, or permitting.

Terms

- The maximum loan term is 24 months.

Rate

- For projects in which at least 80% of the units are affordable, the interest rate will be 2%.
- For projects in which 50% to 80% of the units are affordable, the interest rate will be 4%.
- For projects in which 25% to 50% of the units are affordable, the interest rate will be 6%.

Repayment

- Principal and interest are due upon disbursement of proceeds from construction financing, permanent financing, grant funding for the project, or upon the sale of the units.

Collateral

- Predevelopment loans may be secured by a commitment letter for construction financing, permanent financing, grant funding, a promissory note and/or an infrastructure lien agreement on the property, if applicable.

Affordability Controls

- Upon project completion, all units that are funded by LHT will be subject to an infrastructure lien agreement that limits the property rights of the owner for 5 years.

Matching Funds

- For-profit developers: LHT will match funds from the applicant on a two to one basis (\$2.00 from LHT to every \$1.00 from the developer.) Cash, documented pre-development expenses and documented site-acquisition costs already incurred by the borrower are eligible matches. No match is required for nonprofit developers.

Fees

- A \$250 loan origination fee will be due at closing. Borrowers are responsible for all legal and closing costs.

Program Administration

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Applications are available at www.lowcountryhousingtrust.org