



COMMUNITY  
HOUSING PARTNERS

# FILLING THE GAP

GAP FINANCING AND BELOW MARKET DEBT IN VIRGINIA



# FILLING THE GAP

## ▲ **BELOW MARKET DEBT**

- ▲ NON COMPETITIVE
- ▲ FULLY AMORTIZING
- ▲ FIRST LIEN POSITION

## ▲ **GAP FINANCING**

- ▲ INTEREST ONLY OR DEFERRED PAYMENT
- ▲ WILLING TO TAKE A SUBORDINATE LIEN POSITION
  - ▲ Grants



# FILLING THE GAP

## SOURCES OF STATE BELOW MARKET FINANCING IN VIRGINIA

- ▲ VHDA REACH POOL
  - ▲ SPARC (2.95%)
  - ▲ SIP
  - ▲ RAD
  - ▲ Locality Match (1.95% up to \$2mm)
  - ▲ Mixed Use Mixed Income (1.95%)



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## SOURCES OF STATE GAP FINANCING IN VIRGINIA

- ▲ DHCD
  - ▲ HOME
  - ▲ CDBG
  - ▲ Virginia Housing Trust Fund
  - ▲ National Housing Trust Fund
  - ▲ Vibrant Communities Initiative



## Local Sources of Gap Financing in Virginia

- ▲ Local HOME (Entitlements)
- ▲ Local CDBG (Entitlements)
- ▲ Other Local Funding Sources
  - ▲ Fairfax County Blue Print Funds
  - ▲ Arlington County AHIF
  - ▲ City of Richmond Housing Trust Fund

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# FILLING THE GAP

- ▲ **Specialized Funding Sources Available in Virginia**
- ▲ FHLB AHP
- ▲ Enterprise Green Communities
- ▲ Neighborworks



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## ▲ Challenges

- ▲ Not much gap funding out there
- ▲ Sometimes even below market debt doesn't make your deal work
- ▲ It can be extremely competitive when you need free money



# FILLING THE GAP

Its not about the **AVAILABILITY** of funds its about your **ABILITY** to compete for funds

- ▲ Prove need
  - ▲ Need for financing
  - ▲ Need for the project
- ▲ Prove readiness
- ▲ Prove team capacity
- ▲ Prove project feasibility





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## TIPS

- ▲ Support qualitative statements with quantitative facts
- ▲ Answer ONLY the questions that are asked
- ▲ Answer ALL of the questions that are asked
- ▲ Consult your local resources and build your argument
  - ▲ Consolidated plan
  - ▲ Comprehensive plan
  - ▲ Housing plan
  - ▲ Market study



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## ▲ Kippax Place



SOURCES	Terms	Amount
Low Income Housing Tax Credit Equity - 9%		\$ 9,234,000
VHDA - RAD/SIP	.65%/30 years	\$ 1,788,130
DHCD HOME	1% Interest Only	\$ 500,000
HRHA Seller Note	Cash Flow	\$ 2,300,000
Deferred Developer Fee	Cash Flow	\$ 108,068
FHLB Atlanta - AHP	Cash Flow	\$ 500,000
Total Sources		\$ 14,430,198

