|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **4% LIHTC Deal** | **501(c)(3)** | **Workforce/Essential Housing** | **Workforce Partnership Structure** |
| **Financing Structure** | HUD/d4/223fMTEB / Freddie TELTax-Exempt Bonds | Significant majority debt-financed with tax-exempt bonds | 100% Debt Financed by Tax-Exempt Bonds | Conventional financing with equity |
| **LTV** | **75%** | **90-95%** | **110%+ (no equity)** | **70%** |
| **D/S Coverage** | **1.25%** | **0.90x initial minimum)** | **0.90x initial minimum)** | **1.25%** |
| **Estimated COF** | 5.00% - 6.75% | 7.5% | 7.5% | Depends on structure |
| **Long term debt** | HUD Loan, Freddie Loan orLong-term tax-exempt bonds | Either 40-year amortizing structure or all cashflow used to paydown bonds; can accommodate 17- and 18-year balloons depending on LTV at balloon date | 40-year Bonds with all cashflow used to paydown bonds | HUD Loan, Fannie or Freddie Loan orConstruction Perm conventional financing |
| **Volume Cap** | Required | None(Not-for-Profit 501(c)(3) ownership) | None(Governmental Ownership) | None(taxable financing) |
| **TEFRA** | TEFRA Hearing prior to bond issuance | TEFRA Hearing prior to bond issuance | TEFRA Hearing not required | TEFRA Hearing not required |
| **Income Restrictions** | 20% of units at or below 50% AMI or 40% of the units at or below 60% AMI | Dependent on type of 501c3 but typically 20% of units at or below 50% AMI or 40% of the units at or below 60% AMI (and in aggregate, 75% of units below 80% AMI). Some states may have additional requirements for full tax abatement | 50% of units at or below 80% AMI, 40% of units typically at or below 120% - 140% AMI | 50% of units at or below 80% AMI, 50% of units typically at or below 120% - 140% AMI |
| **Rent Restrictions** | Rents are restricted to 30% of AMI level when utilizing LIHTC | No rent-to-income restrictions per se unless required by Regulatory Agreement but generally tend to be 30% to 33% for tax opinion. May vary by state | No Rent Restrictions required as long as projected revenues meet projected debt service, but typically 30% of AMI | No Rent Restrictions required as long as projected revenues meet projected debt service, but typically 30% of AMI |
| **Timing** | Close within 180 days of receipt of cap allocation, though cap restrictions can cause 10-12 month delay receiving cap | Typically, close within 30-60 days after third party reports and initial Board approval with experienced Issuer | Typically, close within 30-60 days after third party reports and initial Board approval with experienced Issuer | Typically, close within 30-60 days after third party reports and initial Board approval with experienced Issuer |
| **Ownership Structure** | Small % of ownership through GP entity | Not-for-Profit or wholly owned LLC is 100% owner/borrower | Governmental entity or wholly owned LLC is 100% owner/borrower | Governmental entity is 100% of GP of Borrower |
| **Reserves** | None unless long term bond financed then 80% MADS | Depends on amortizing/non-amortizing structure | 80% MADS | Lender determined |
| **Excess cashflow** | All excess after principal and interest payments goes to Borrower | Depends on level of contribution and cashflow sufficiency to pay off the investor-held debt; maybe none until debt is paid off | In current market, none until debt is paid off | HFC gets upfront fee and Ground lease payment and residuals at the end |