



## **Predevelopment Loan and Acquisition for Nonprofits (PLAN) Fund**

The Predevelopment Loan and Acquisition for Nonprofits (PLAN) Fund is a designated loan fund within The Reinvestment Fund. The goals of PLAN are to foster neighborhood revitalization, create and preserve affordable housing, and help nonprofit developers undertake projects of scale that will have a maximum impact on their communities. A key element in achieving these goals is the availability of low-cost, early stage funding that enables non-profit developers to undertake the frequently long and difficult process of planning and implementing an affordable housing development.

### **Eligible Projects**

Projects meeting the following criteria will be eligible for financing under this program:

- Project will be residential or mixed use with residential as the primary use.
- Significant percentage of units to be created will be made available to low and moderate-income households and/or housing located in low and moderate income census tracts consistent with NJHMFA market based programs.
- Project is part of, or consistent with, a defined and realistic strategy or plan, such as a neighborhood plan, a plan for housing improvement in a community, or a plan to address specific housing needs on a local or regional basis.
- Preliminary project budget must demonstrate feasibility based on typical standards for the project type—including adequate cost projections and proposed sources, which are in accordance with existing sources.
- Borrower must demonstrate how proposed rents and/or sales prices can be supported in the market.

The loan pool will also support property acquisition in instances where the ultimate project may not be fully defined, but for which the intended use would meet the criteria above.

### **Eligible Borrowers**

The borrower must be a 501(c)(3) non-profit corporation.

## Loan Types

The Fund will offer three loan types, as follows:

Type	Maximum Loan Amount	Interest Rate	Maximum Loan Term	Collateral
Stage I Predevelopment	\$50,000	0%	24 months	Unsecured.
Stage 2 Predevelopment	\$250,000	4%	18 months	Can be unsecured; collateral requested if available.
Acquisition	\$500,000	4%	24 months	First mortgage lien or other collateral. Max loan-to-collateral value = 100%. For acquisition of properties exceeding \$20,000, an appraisal will be required.

### Stage I Predevelopment Loans

Stage I loans can typically be used to pay early stage expenses for items needed to establish project feasibility. These expenses may include: Phase I environmental analyses, architect's fees, surveys, market studies, appraisals, financial consultants, and legal fees. Typically, Stage I loans fund projects characterized by one or several of the following criteria:

- A significant amount of project funding is not yet committed.
- Site control is not yet established.
- Preliminary budget only.
- No Phase I environmental analysis is available.
- Other aspects of the project are uncertain.

### Stage II Predevelopment Loans

Stage II loans are later stage loans that typically fund project expenses such as Phase II environmental analyses and/or remediation, architect's fees, survey, expenditures to meet tax credit carryover requirements, acquisition (usually down payments and option agreements), building permits and other fees, market studies, appraisals, financial consultants, and legal fees. Projects that qualify for Stage II loans are characterized by one or several of the following criteria:

- Most project funding is committed.
- Some level of site control has been established.
- Environmental issues have been identified and/or quantified.
- Construction costs and other budget assumptions are defined.
- Clear path to construction closing.

## Acquisition Loans

Acquisition Loans allow developers to secure site control for properties that will ultimately be included in affordable housing projects. These loans may be structured as revolving lines of credit. Acquisition loans are characterized by one or several of the following:

- Market conditions require that borrower have the ability to purchase properties as they are offered on the market.
- Potential funding sources require actual ownership of property instead of site control via options or agreements of sale.
- Intended use of properties is defined—properties acquired fit into a planned project or neighborhood development strategy.
- Borrower has demonstrated the ability to obtain funding and municipal approvals of the general type and scale needed to develop the properties.
- Preliminary budget demonstrates the feasibility of developing prospective properties within the parameters of existing or proposed state or federal housing programs.
- On a case-by-case basis, loans for alternative means of securing site control (such as for the purchase of tax liens) will be considered.

### **To Apply**

Complete the attached application and mail it to:

Nancy Wagner-Hislip  
Managing Director, Housing  
The Reinvestment Fund  
1700 Market Street, 19th Floor  
Philadelphia, PA 19103

Questions may be directed to Nancy Wagner-Hislip at:

Email: [nancy.wagner@trfund.com](mailto:nancy.wagner@trfund.com)

Phone: 215-574-5856

Fax: 215-574-5956