Come Home to Downtown Loan Pool

Summary:

- The Come Home to Downtown (CHDT) Loan Pool provides predevelopment, acquisition, bridge, construction and mini-perm financing for projects participating in the Come Home to Downtown program.
- $1 million of capital is provided by the Connecticut Housing Finance Authority (CHFA) to the Connecticut Main Street Center (CMSC).
- CMSC contracted with Local Initiatives Support Corp. (LISC) to underwrite, approve, close and service these loans.
- The purpose of this financing is to assure project completion and to leverage other financing from LISC and/or conventional lenders to support the project.

Types of Financing:

- Predevelopment Investment: For projects that have completed the feasibility phase and have committed to proceeding. Predevelopment funds up to $50,000 per project; 2% interest rate, 12- 18 months, unsecured. To be repaid with construction financing. May be forgiven if the project does not secure construction financing. To be used for design, tax credit and other financing applications. Not to be used for feasibility studies.
- Acquisition Loans: For projects where a new owner is interested in developing the building, acquisition loans will be available. These loans will be at 6%, typically with a 24 month term. These loans will be secured by collateral of the property being acquired.
- Bridge Loans: Loans to bridge tax credit payments where the commitment has been secured and a purchaser has been identified. These loans will have a 6% interest rate; 18-24 months; to be repaid with the proceeds received from State Historic Credits. These loans are typically secured by collateral.
- Construction Loans: Loans for construction/rehabilitation are available with a 6% interest rate; 18-24 months; to be repaid with permanent financing. These loans are generally secured.
- MiniPerm Loans/Investments: Subordinate debt for up to the first 3-5 years of operation. Rate will be based on the National LISC rate for mini-permanent loans (currently 6%). May be used to provide stability to the operating pro forma in order to attract a permanent lender. One example of the use might be to supplement operating reserves. To be repaid with a re-finance by lead permanent lender. These loans will be secured by the property.
- In most cases, the maximum Loan-to Value (LTV) will be 90%. In select cases, the LTV will be able to go to 100% with the endorsement of CMSC and underwriting approval of LISC.