

## Developer Opportunity Fund

### Challenge:

Small developers do not have sufficient liquidity and/or net worth to meet the demands for Tax Credit Investors and are forced to partner with larger developers or other third-party guarantors to meet the liquidity requirements from Tax Credit Investors. These developers may be required to pledge or forego a substantial amount of their developer fee which may not allow the small developer to gain the requisite capacity to develop independently and build a pipeline of projects.

### Program Solution:

PHFA's Developer Opportunity Fund (the "Fund") is a pilot program extending liquidity to the LIHTC partnership or corporation to serve as a reserve to be used for construction cost overruns. Draws on the Fund would be used to complete the construction of the LIHTC project. Repayment of Fund draws would be made from the developer fee paid to the general partner or managing member from the LIHTC investor or any other available sources.

### Purpose & Goals:

To promote the growth and financial capacity of small, disadvantaged non-profit and community developers that are constructing, rehabilitating or preserving affordable housing within the Commonwealth of Pennsylvania through the Low Income Housing Tax Credit Program. The initial funding commitment by PHFA for the pilot phase will serve as a catalyst to partner with other financial institutions, and obtain scale, as well as partnering with organizations to provide other developer resources. A further goal of the Fund is to ensure the Fund is available to a wide geographic footprint of the Commonwealth as well as providing funding to a mix of affordable project types.

Term: - Available through construction and stabilization as approved by PHFA.

Fee: - 10% of the projected developer fee up to a maximum of \$150,000.  
- Fees would be collected at various stages throughout the project lifecycle.  
- If the Fund is not drawn upon then 50% of the fee will be returned to the developer.

### Requirements:

- Demonstrated ability using LIHTC program and development of LIHTC properties and/or development of other larger scale multifamily properties.
- Project/Developer must be awarded tax credits.
- Maximum amount available from the Fund, for each project, is limited to the anticipated developer fee at the time of construction loan closing.
- Priority given to applicants using PHFA as the construction and/or permanent lender.
- Demonstrated need to participate in the Fund to achieve completion of a LIHTC project.
- Submission and review of financials and other documents as requested by PHFA.