

mercy
COMMUNITY
CAPITAL



Mercy Community Capital & Stryant Foundation

Katie Crippen

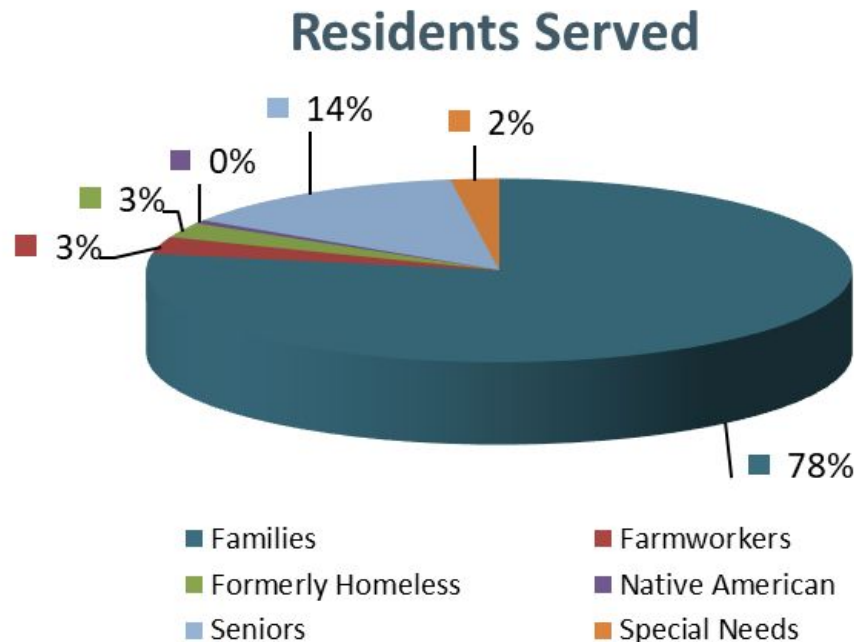
Senior Loan Officer, Mercy Community Capital

Stan Sugarman

Manager, President, Stryant Foundation/Stryant
Investments

Mercy Community Capital (MCC)

- **Mission:** Work nationally with socially responsible affordable housing and community developers, providing innovative financing arrangements for credit-worthy projects for which conventional financing is not available or affordable.
- **History:** Since 1983, MCC has since made 645 loans for a total of \$489 million, leveraged \$6 billion in affordable housing development and preservation and housed 94,400 residents in 38,500 units.





What is a CDFI?



A Community Development Financial Institution (CDFI) is a specialized financial institution that works in market niches that are underserved by traditional financial institutions. CDFI's provide a wide range of financial products. They are a certified by the US Department of the Treasury.

- Private financial institutions
- 100% dedicated to lending to low income, low wealth, disadvantaged communities
- CDFI Loan Uses:
 - Homeownership Assistance
 - Microenterprise Development
 - Transit Oriented Development
 - Small Business Growth
 - Community Facilities
 - Affordable Housing Development
 - Neighborhood Revitalization
 - Community Health Centers

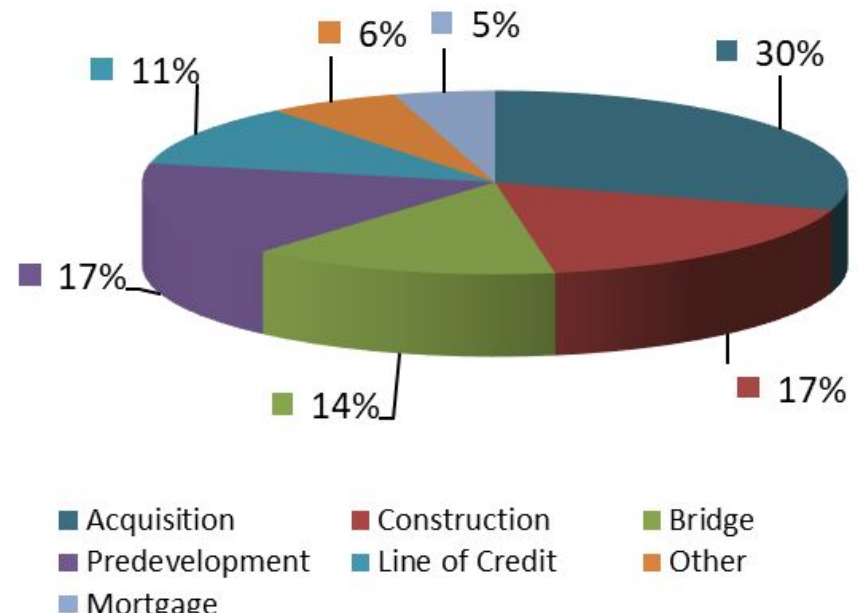


MCC Loan Types

Type of loans – Typically short term (3-5 years) affordable housing loans:

- Acquisition
- Predevelopment
- Mortgage (5-10 years)
- Construction/Rehab
- Line of Credit
- Bridge/Gap
- Other (Mezzanine/Equity)

Loan Type (by # of Loans)



What kind of financing do you need to provide more supportive housing options in your area?



Quick Facts

- MCC is a nonprofit and a wholly owned subsidiary of Mercy Housing, Inc.
- 9 employees
- 30 years+ in business
- \$100 million+ affordable housing fund w/ national platform
- 172 investments from 146 investors plus MCC's equity capital
- \$51+million of net lending in 2021
- \$2.5 million average loan size (over last year)
- Typical loans range from \$500k-\$5MM
- "AA+" rating from Aeris, our third-party rating agency
- First CDFI loan fund to become a member of the FHLB of Topeka in 2014
- Funding assisted in the development of 1961 units of affordable housing in 2021



MCC Loan Terms

Rate

- 5-7%; higher end for unsecured

Term

- 3-5 years; can do a small amount of 10-15 year terms

Max Loan Amount

- Up to \$5MM; can do larger deals up to \$15MM with other CDFI participants

Maximum LTV

- 90%; can go up to 100% with Board approval

Debt Coverage Ratio

- Minimum 1.10; can go below with MCC Board approval and required interest reserve

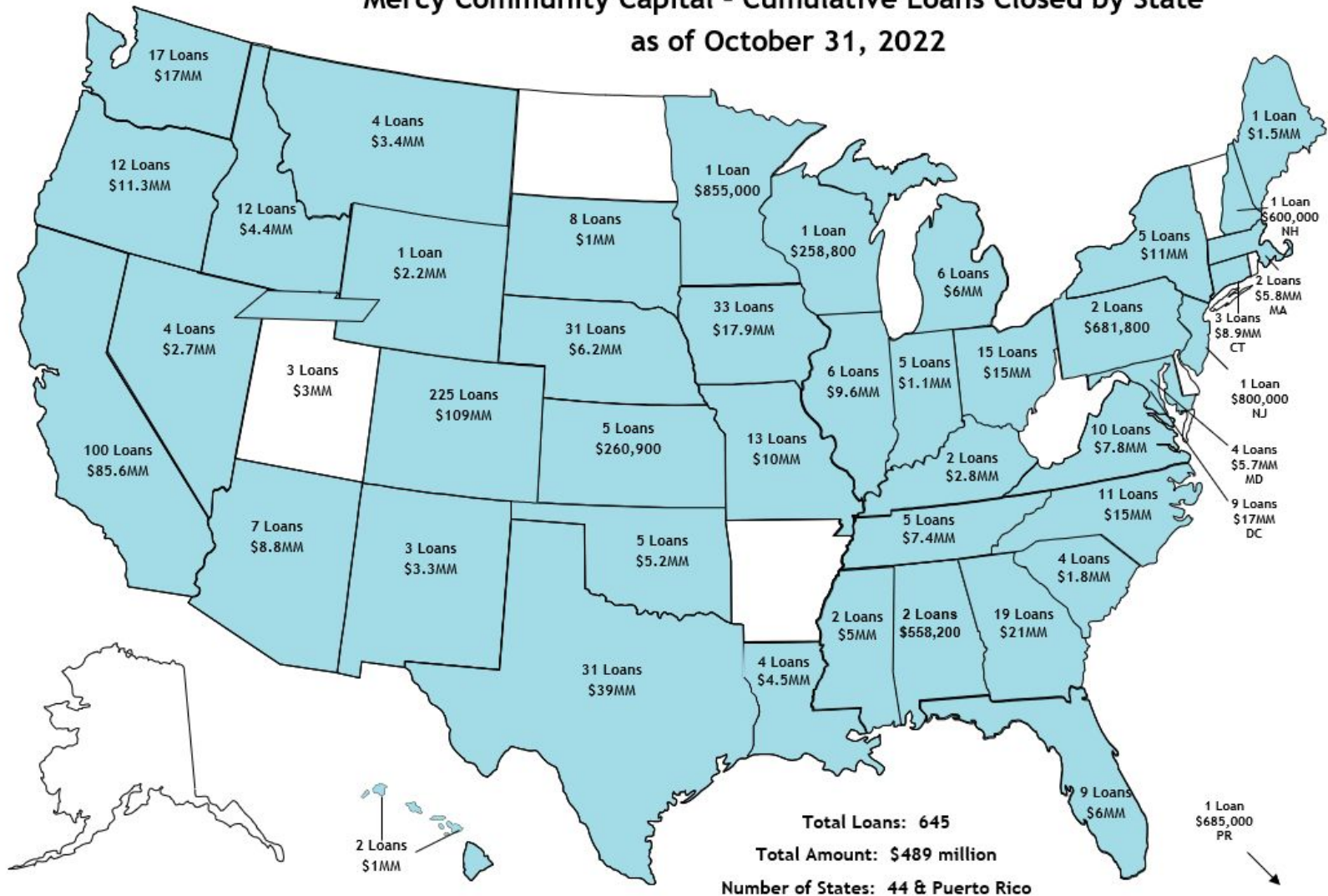
Security

- First or subordinate position, other security may be considered (i.e. assignment of equity, assignment of partnership interest, etc.); will consider unsecured



Where We Lend

**Mercy Community Capital - Cumulative Loans Closed by State
as of October 31, 2022**





Loan Example: Acquisition

EMPOWERMENT APARTMENTS Commerce City, CO

Deal Specifics

- 50 PSH Units
- \$700k
- Take out provided by 9% LIHTC/construction financing





Loan Example: Acquisition

EMPOWERMENT APARTMENTS Commerce City, CO

Initial Funding	Sources	Uses	
Colorado Division of Housing	\$1,500,000	Site Work	\$1,424,400
FHLB AHP	\$750,000	Construction Hard Costs	\$8,929,504
Deferred Developer Fee	\$997,423	Professional Fees	\$899,267
LIHTC	\$12,442,513	Construction Interim Costs	\$1,458,967
		Soft Costs	\$252,000
		Syndication Costs	\$85,000
		Developer Fees	\$2,609,828
		Project Reserves	\$251,470
Total Sources	\$15,689,936	Total Uses	\$15,910,436

Loan Example: Pre-Development

RENAISSANCE DOWNTOWN LOFTS Denver, CO

Deal Specifics

- 101 PSH Units
- \$1MM Loan
- Take out provided by 9% LIHTC/construction financing



Loan Example: Pre-Development

RENAISSANCE DOWNTOWN LOFTS Denver, CO

Initial Funding		Sources	Uses	
Colorado Department of Housing		\$1,000,000	Acquisition Costs	\$1,756,814
Federal Home Loan Bank		\$750,000	Construction Costs	\$16,515,442
Colorado Housing Investment Fund		\$3,500,000	Design Costs	\$712,705
4% LIHTC Equity		\$2,947,147	Interim Costs	\$748,250
9% LIHTC Equity		\$12,500,000	Permanent Financing Costs	\$2,823,845
Deferred Developer Fee		\$477,838		
Owner Equity		\$382,071		
City of Denver		\$1,000,000		
Total Sources		\$22,557,056	Total Uses	\$22,557,056
Surplus (Gap)				\$0
Repayment schedule		Sources	Uses	
Permanent Financing		\$1,000,000	MLF Repayment	\$1,000,000
Total Sources		\$1,000,000	Total Uses	\$1,000,000
Surplus (Gap)				\$0

Loan Example: Permanent Loan

LELAND APARTMENTS Chicago, IL

Deal Specifics

- Historic Building
- Refinance of existing loan
- 137 units; 50 PSH Units
- \$2MM Loan
- Repayment of Loan: Resyndication after compliance period





Case Study #1

ACADEMY LOFTS Atlanta, GA

Deal Specifics

- Historic Building
- 30 Total Units: 5 PSH, 5 market rate, 25 @ 60% AMI w/ 10k sf commercial space
- Funding:
 - \$1.5MM Housing opportunity Bond (Invest Atlanta)
 - \$3.5MM Historic Tax Credits (Federal & State)
 - \$800k NMTC
 - \$200k PSH Funding
 - \$2.4MM Conventional Financing





Case Study #2

111 MORELAND
Atlanta, GA

Deal Specifics

- New Construction
- PROPOSED: 42 Total Units: 100% PSH; 100% micro-units
- PROPOSED Funding:
 - ~\$825k Construction Loan from ANDP/Reinvestment Fund
 - \$1.125MM Atlanta Affordable Housing Fund
 - \$1MM Housing opportunity Bond (Invest Atlanta)
 - \$500k City of Atlanta HOME
 - \$1.68MM HomeFirst
 - \$750k FHLB Atlanta AHP (?)





Case Study #3

RALPH DAVID HOUSE Atlanta, GA

Deal Specifics

- Rehab of Existing Motel
- PROPOSED: 54 Total Units: 100% PSH; 100% efficiencies
- PROPOSED Funding:
 - ~\$550k Beltline TAD or HTF
 - \$2.16MM HomeFirst
 - \$2.7MM ARA
 - Owner Equity
 - Other ?



LESSONS LEARNED...

- Patience
- Build a team
 - Community Liaisons
 - Funders
 - Developers
- Attention to details
- Stubbornness
- TENACITY!

WE WANT TO HEAR FROM YOU!

- Are you working on a new development that needs funding?
- What funds do you plan to use?
- What are your obstacles?
- What funding do you need?
- What questions do you have for us?

How to work with MCC or Stryant

Reach out to Katie Crippen or Stan Sugarman!



Katie Crippen

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