City of St. Louis Park
Affordable Housing Trust Fund Policy

I. PURPOSE

The City of St. Louis Park has established an Affordable Housing Trust Fund to provide a source of funds to facilitate the housing needs of low- and moderate-income individuals and families of the City. The Affordable Housing Trust Fund shall be a permanent endowment and continually renewable source of revenue to provide loans, loan guarantees and grants to for-profit and non-profit housing developers for capital and soft costs necessary for 1) the creation of new affordable rental and owner-occupied housing; 2) for the rehabilitation and preservation of existing multi-family residential rental housing including Naturally Occurring Affordable Housing (NOAH); and 3) rental assistance and homeownership assistance to low- and moderate-income individuals and families.

This policy is intended to set forth the general requirements and guidelines regarding the use of the Affordable Housing Trust Fund. The city council may modify the terms at any time.

II. FUNDING THE AFFORDABLE HOUSING TRUST FUND ACCOUNT

The primary source of funding for the Affordable Housing Trust Fund is an annual budgeted allocation of funds from the city's Housing and Redevelopment Authority (HRA) Tax Levy as approved by the city council. Other sources of funding for the Affordable Housing Trust Fund may include, but are not limited to the following:

1. Private cash donations from individuals and corporations designated for the Affordable Housing Trust Fund.
2. Payments in lieu of participation in current or future affordable housing programs, as allowed.
3. Matching funds from a federal or state affordable housing trust fund; or a state program designated to fund an affordable housing trust fund.
4. Principal and interest from Affordable Housing Trust Fund loan repayments and all other income from Trust Fund activities.
5. The sale of real and personal property.
6. Federal and state grants.
7. Local government appropriations, development fees and other funds as designated from time to time by the City Council.
8. Tax Increment Finance (TIF) pooled funds.

City staff is directed to take all actions necessary to capitalize and maintain the fund balance in the Affordable Housing Trust Fund to the extent that funds are subject to restrictions as to their use by virtue of the source of such funds. The Affordable Housing

Trust Fund will contain sub-accounts to ensure that such restrictions as to the reuse of the funds are met.

III. OBJECTIVES

The objective of the Affordable Housing Trust Fund is to assist in funding programs and projects that create new affordable rental and homeownership housing opportunities and to rehabilitate and preserve existing affordable housing units in St. Louis Park. Initiatives will strive to provide balanced and sustainable affordable housing options responsive to the present and future diversified needs in the community for very low-, low- and moderate-income households including: persons on fixed incomes, such as seniors and persons with disabilities; young families just starting out; indigenous persons; persons of color; and veterans.

The Affordable Housing Trust fund will promote community revitalization and reinvestment by creating and preserving viable, safe and well-maintained affordable housing developments and expanding options for affordable homeownership for very low-, low- and moderate-income households.

IV. USE OF THE AFFORDABLE HOUSING TRUST FUND

As a matter of policy, the Affordable Housing Trust Fund will only be used to assist proposed projects or programs to develop or preserve affordable housing opportunities for very low-, low- and moderate-income individuals and families.

The following general guidelines will be followed in connection with the use of funds from the Affordable Housing Trust Fund:

1. The types of uses of the Affordable Housing Trust Fund will include, but not be limited to the following: (i) the making of loans at interest rates below or at market rates, including no-interest, deferred, and forgivable loans, in order to strengthen the financial feasibility of proposed projects; (ii) the guaranteeing of loans; (iii) the provision of gap financing for affordable housing developments; (iv) the financing of acquisition, demolition, and disposition; (v) the financing of the construction of public improvements and utilities to aid proposed affordable residential developments; (vi) the financing of rehabilitation, remodeling, or new construction of affordable housing; (vii) tenant and project based rental assistance; (viii) administrative costs associated with affordable housing programs (not to exceed 10 percent of the fund's balance); and (ix) any other uses as permitted by applicable law and approved by the council.
2. The Affordable Housing Trust Fund may be used to provide interim financing of public cost for affordable housing projects in anticipation of a permanent financing source (i.e. construction financing, bond sale, etc.).
3. To the extent possible the Affordable Housing Trust Fund will be secured by liens, letters of credit, tax increment, or other forms of reasonable security.

4. Consideration regarding the establishment of applicable terms on loans from the Affordable Housing Trust Fund, including interest rates and deferral provisions, will be established by the city at the time of approval of a specific project or program.

V. PROCESS

In establishing projects and programs to be financed using the Affordable Housing Trust Fund, the city shall to the extent possible:

1. Establish guidelines and criteria for each project or program to be assisted, unless the project or program already exists.
2. Establish a timeframe for completing the project or program and the repayment terms to the Affordable Housing Trust Fund, if applicable.
3. Prepare a financing plan for the project or program for review and approval by the city council and by other entities as may be required by state law.

City of St. Louis Park
Affordable Housing Trust Fund (AHTF) Use Guide

I. AHTF FUNDING

The purpose of the Affordable Housing Trust Fund is to support the creation or preservation of housing that is affordable to people with incomes that do not exceed 80% of the area median income (AMI), as defined by HUD. The St. Louis Park City Council allocates resources to the AHTF as part of the annual city budget process. These funds may include HRA Levy, Housing TIF and local dollars. The total available funding in any given AHTF year may also include newly allocated resources or reallocated funds from prior AHTF years. The city will allocate funding from the available sources to projects as guided by the city's annual budget and applicable policy. Not all funding may be awarded in a given year.

II. ELIGIBLE APPLICANTS

Eligible applicants include non-profit, public or for-profit private developers.

1. To be funded, an applicant must have sufficient experience and/or demonstrate sufficient capacity and training in housing development and management to successfully secure financing, construct, complete, and operate the proposed project, as determined by the city.
2. Applicants must show prior experience and current capacity to complete the project. All members of the development team must demonstrate the qualifications necessary to complete the project.

III. ELIGBLE HOUSING PROJECTS

Development projects which create and/or preserve affordable housing units are eligible to receive funding, including affordable rental units, homeownership units and rent subsidies. The residential portions of mixed-use and live/work projects that meet the affordability requirements of these guidelines shall be eligible for assistance. Funding may also be provided to assist in the creation of common areas, meeting space, and other space for use by the residents of the subsidized units. Projects covered by the City of St. Louis Park's Inclusionary Housing Policy may be assisted, provided the assistance from the Fund is used to create a deeper level of affordability or an increase in the number of affordable units than is required under that policy.

IV. ELIGBLE AND INELIBLE ACTIVITES

The AHTF may be utilized for the housing activities as outlined in the Affordable Housing Trust Fund Policy, Section IV. Use of the Affordable Housing Trust Fund which includes new construction; acquisition of property; conversion of non-residential to residential use; conversion of rental units to limited-equity cooperative housing, condominiums or co-housing; relocation; and/or rehabilitation costs, provided that the conditions below are met.

1. New Construction Activities: All reasonable costs associated with new construction including:
    a. Acquisition of property;
    b. Gap financing for affordable units created at the 30%, 50%, 60% and 80% AMI affordability level;
    c. Enhancement of county, state and federal affordable housing programs;
    d. Land acquisition and land banking for affordable housing creation;
    e. Infrastructure improvements associated with the creation of affordable housing units;
    f. Low cost financing or grants in support of the creation of accessory dwelling units affordable to households at or below 60% AMI;
2. Preservation of NOAH rental units and rent-restricted affordable rental units:
    a. Reasonable costs associated with acquisition and/or rehab to secure long-term preservation of NOAH units affordable at or below 60% AMI;
    b. The purchase price of a property to be acquired shall not exceed its appraised value, unless the Community Development Director finds that the project has enough merit to justify paying a higher price, in which case the price shall not exceed the appraised value by more than ten percent without the expressed consent of the city council.
    c. Rehabilitation shall include activities to make the building code compliant and to abate lead contamination.
3. Creation of affordable homeownership opportunities affordable to households with incomes at or below 80% AMI:
    a. Closing costs and down-payment assistance;
    b. Long term affordability gap funding in the form of a subordinate mortgage;
    c. Financial assistance of property acquisitions to promote homeownership opportunities utilizing the land trust model.
4. Rent subsidy and tenant protection initiatives:
    a. Rent subsidies to support paying the difference between affordable rents and market rate rents;
    b. Relocation assistance for low-income, displaced renters.
5. AHTF funds may also be used for permanent or transitional housing for homeless families and individuals, and for the modernization, rehabilitation and repair of public housing.

Other eligible activities may include affordable housing initiatives to support the affordable goals as outlined in the city's comprehensive plan, to meet housing needs as defined in the city's comprehensive housing market study and the Met Council Affordable Housing Allocated Goal and other activities as determined by the city council.

V. DISTRIBUTION OF FUNDS

The AHTF will function as an endowment fund to fund loans, provide loan guarantees and grants in accordance with this section. The AHTF will be administered by the Community Development Director. No disbursements shall be made from the AHTF without the prior approval of the city council.

Fund requirements:

1. Rental/Homeownership distribution

   A minimum of sixty-five percent (65%) of fund must be used for rental housing; up to twenty-five percent (25%) for homeownership housing; up to ten percent (10%) for administrative costs.
2. Income targets

   One hundred percent (100%) of the AHTF must benefit low-income households at or below sixty percent (60%) AMI for rental housing and at or below eighty percent (80%) AMI for homeownership housing.
3. AHTF low-income targets: Five-year goals
   a. Rental
      i. At least thirty percent (30%) of the funds eligible for disbursement shall be targeted for use to create affordable units for households whose incomes are at or below thirty percent (30%) AMI.
      ii. At least fifty (50%) of the funds eligible for disbursement shall be targeted for use to create affordable units for households whose incomes are at or below fifty (50%) AMI.
   b. Ownership
      i. At least five (5%) of the funds eligible for disbursement should be targeted for use to create affordable homeownership units for household incomes at or below sixty percent (60%) AMI.
      ii. Distribution of funds related to the AHTF low income targets will be monitored annually for progress in attaining the five-year goals and will be based on an average five-year rolling basis of actual funds distributed.
4. AHTF can only be used to develop affordable housing units in a project located within the City of St. Louis Park.
5. AHTF money may not be used for operating expenses of any program or supporting services such as childcare or other social programs.
6. Costs covered by housing trust fund resources must not be covered by any other resource.
7. Use of leveraged resources is strongly encouraged.

~~8.~~ The city will provide assistance only to projects that require assistance to achieve the AHTF Program's goals and objectives.

9. Developments with 10 or more units funded by the AHTF program shall be required to adhere to the city's Inclusionary Housing Policy.

VI. DEVELOPMENT/PROGRAM AFFORDABILITY REQUIREMENTS

All applications for funding must meet the minimum requirements listed below.

1. Rents

The following guidelines shall apply to multi-family rental projects:

a. Eligible housing projects must have rents as follows:
   - i. Not less than forty percent (40%) of all the units must be affordable to households whose income does not exceed sixty percent (60%) of AMI; or
   - ii. Not less than twenty percent (20%) of all the units must be affordable to households whose income does not exceed 50% of AMI;

In addition:
   - iii. Not less than five percent (5%) of all the units must be affordable to households whose income does not exceed 30% of AMI;
   - iv. Preference may be given to projects that include additional units affordable at 30% AMI exceeding the number of units as required above;
   - v. Rents on the remaining units may be set at market rate;
   - vi. Income averaging may be allowed to achieve the affordability requirements;
   - vii. Other lender requirements (such as the State of Minnesota programs or financing requirements) may change these affordability requirements. However, the affordability limits must still meet the minimum affordability levels outlined in the AHTF guidelines unless an exception is approved by the city council

b. All AHTF assisted rental units shall be occupied by households with incomes at or below the targeted income category.

c. Applicants may propose to produce affordable units exceeding the required number of units with lower income or affordability ranges than prescribed herein, in which case, the lower income ranges shall be used to set rents for the affordability term. The income limits apply to the initial occupancy of the unit and all subsequent re-occupancy. Units whose construction is wholly or in part funded by the AHTF shall be specified in the project's development loan agreement executed with the City of St. Louis Park.

d. Rent ceilings are to be based on the Area Median Income (AMI) for the Minneapolis-St. Paul Metropolitan Statistical Area issued by the Department of Housing and Urban Development (HUD) and are to be adjusted annually to reflect new area median income.

e. Rent ceilings shall include utilities based on the utilities schedule used for the Federal Housing Choice Voucher Tenant-based Rental Assistance Program administered by the St. Louis Park Housing Authority. Rent ceilings shall be set for the units and are not based on the tenant’s household income. This may result in households paying more than 30% of their incomes for rent or paying less than 30%. Utility allowance, income and rent information data does change over time and the most current data should be utilized at the time of application submission.

f. All units shall be leased in accordance with the City of St. Louis Park's Inclusionary Housing Policy Guide or MN Housings Low Income Housing Tax Credit (LIHTC) program requirements if a LIHTC development.
g. The rent ceilings of the restricted units shall be finalized prior to making the final AHTF funding recommendation to the city council.
h. Projects receiving AHTFs must not discriminate against tenants who would pay their rent with federal, state or local public assistance, including tenant based federal, state or local subsidies, including, but not limited to rental assistance, rent supplements, and Housing Choice Vouchers.
i.

2. <u>Homeownership Housing Developments</u>

The following guidelines shall apply to homeownership projects:

a. There are no minimum requirements for the number of affordable homeownership units in a project or complex which can receive assistance from the AHTF**.** However, homeownership units otherwise required to provide these affordability levels through the Inclusionary Housing Policy are not eligible for an AHTF subsidy.
b. Sale prices of affordable units funded with AHTF subsidy must be set at a price affordable to households with incomes at or below 80% of AMI as calculated and published annually by the Metropolitan Council. Homeowner's Association dues (if applicable) will be factored into the affordable homeownership cost.
c. All affordable homeownership units shall be made available to first-time homebuyers or persons who have not owned a home in the past three years or previous owners of limited equity cooperatives or similar type of housing that have occupancy restrictions.
d. The City shall develop procedures for addressing maximum sales prices, methods of selection of buyers, types of units to be assisted, forms of assistance, forms of resale controls and other administrative controls as found necessary by the Director of Community Development to ensure that units continue to be affordable to, and sold to, households in the appropriate income category. Ownership projects shall contain resale affordability controls to achieve compliance with the goal of long-term affordability.
e. Housing sale prices shall be set based upon prevailing mortgage interest rates and may include the value of second mortgage assistance provided by the AHTF.
f. Properties acquired for the purpose of becoming part of a limited equity form of ownership shall be considered as homeownership housing rather than rental properties. However, in occupied buildings, existing tenants will have the right to remain in their units as tenants or limited equity owners. The developer shall assist existing tenants obtain additional necessary financing if they are interested in becoming limited-equity owners.

VII. AFFORDABILITY TERM

Affordability restrictions will apply to all AHTF funded projects. The AHTF will require the longer of the 25-year term of affordability required by AHTF or the affordability period pledged in the application. The term will be from the date of the project's completion or implementation.

VIII. TYPES OF ASSISTANCE

Funds from the Affordable Housing Trust Fund may be used flexibly to support affordable housing initiatives and ensure the financial feasibility of the projects. Funding awards will be made available in the form of a loan or a grant. The following list is meant to be illustrative, but not exhaustive, of possible types of assistance provided through the AHTF.

1. Deferred payment loans.
2. Low or no interest amortizing loans.
3. Down payment and closing cost assistance for first-time homebuyers.
4. Credit enhancements and mortgage insurance guarantees.
5. Matching funds for public resources that sponsor affordable housing projects.
6. Matching funds for employer-based housing.
7. Funds for rental assistance

IX. APPLICATION SUBMISSION

1. AHTFs may be awarded through both:
   a. Periodic funding competitions (Request for Proposals) to which housing program and housing developers are invited to submit housing proposals for AHTF awards; and/or
   b. In response to developer and program requests for funding through an open pipeline basis.

X. REVIEW BY ST. LOUIS PARK

In selecting projects for funding, preference will be given to those projects that will create new housing units in a manner consistent with the St. Louis Park's AHTF policy. In order to ensure that these limited resources are utilized in the most effective manner possible consistent with the policy, funding thresholds and preferences have been established to guide the decision-making process. Principles of sound underwriting, and risk management will be applied when reviewing proposals.

Thresholds

The following minimum threshold criteria must be met or exceeded by all projects to be considered for AHTF financing. Projects exceeding these minimums will be given preference.

1. The minimum term of affordability must be 25 years;
2. All AHTF units in the project must be affordable to households at or below 80% of AMI for homeownership units and at or below 60% AMI for rental units;
3. Each project submitted for consideration for funding by the AHTF shall be evaluated with respect to financial feasibility. Projects with an unfunded gap in financing will not be selected for an award;
4. Applications must be consistent with the AHTF policy;
5. Each project submitted for consideration for funding by the AHTF shall be evaluated with respect to its "readiness to proceed" based on the status of site control, zoning, financing commitments, status of construction drawings, selection of the general contractor, permitting and other commonly used indicators. Funding preference may be given to those projects that are most likely to be able to commence development in a timely manner upon approval of funding; and
6. AHTF funds may not be used to support market-rate units.

Additional consideration will be given to the following:

1. Review of underlying assumptions about construction costs, revenues, operating expenses, and financing;
2. The level and type of assistance provided by the AHTF to a specific project must be the minimum amount necessary to achieve the desired degree of affordability without compromising the overall development quality;
3. The amount of the request for AHTFs as a percentage of the total development cost;
4. Income targeting presented in the application will be applied in the review;
5. Proposals will be underwritten and awards of AHTF funds will be structured to ensure that funds will be repaid to the AHTF, whenever possible;
6. For rehabilitation projects, a physical inspection of the property by the city will be necessary;
7. Developers must submit financial statements and documentation of experience in housing development and demonstrate the following:
   a. Professional development experience, reasonable financial strength, and the ability to undertake the proposed project, at the discretion of the city;
   b. Ability to obtain adequate financing; and
   c. Capability to manage the project successfully after completion or hire a professional management company with experience in managing affordable housing in compliance with AHTF requirements.
8. Preference may be given to projects that provide housing affordable to households for large families and projects that provide affordable housing for households with incomes at or below 30% AMI; and
9. Secured permanent capital funding commitments must be project specific and include written documentation stating the amount, terms, and conditions from the designated contributor. Rental and operating assistance may also be accepted with the amount, terms and conditions from the designated contributor. Words

synonymous with "consider" or "may" (as in "may award" or "pending") are not funding acceptable.

10. For permanent supportive housing, whether the applicant has secured on-going funding for the supportive services that address the special needs of the proposed target population.

XI. REVIEW OF APPLICATIONS

City staff will review and evaluate applications. Staff will review the applications in the context of other pending requests for capital funding and the community development impacts of the recommended award. Following staff's review and the ranking of the proposals, funding recommendations shall be presented to the city council for review and approval.

XII. THE CITY'S RIGHT TO REJECT AND MODIFY PROPOSALS

The city reserves the right to reject and modify all proposals.

XIII. APPROVAL BY DIRECTOR OF COMMUNITY DEVELOPMENT

The Community Development Director issues the award letters for projects selected for funding by the AHTF. The award letter includes conditions that must be met by the borrower prior to closing on the AHTF funding.

XIV. TENANT-BASED VOUCHER ASSISTANCE:

City-assisted housing projects, including projects receiving AHTFs, are required to accept tenant-based rental housing assistance, including, but not limited to Housing Choice Vouchers, HOME tenant-based assistance, Group Residential Housing, Kids in the Park and Stable Home rent assistance and comply with affirmative marketing requirements.

XV. FUNDING AWARDS MAY BE CONTINGENT UPON AVAILABILITY OF FUTURE FUNDING:

Due to the extended length of time that is typically required for projects to be fully funded and minimum funding commitment and expenditure timeframes imposed by HUD, the city council at its sole discretion may make contingent AHTF awards to projects from projected future local funding that has not yet been budgeted or projected federal funding that has not yet been committed to the city. The city council may elect to make AHTF funding awards contingent upon the future availability of funding.

XVI. FEES: PROPOSAL AND ORIGINATION

1. Origination Fee: If a project is awarded funding, an origination fee of 1% of the AHTF award will be collected at closing.
2. The city will retain 12% of the AHTF Loan funds until the final draw after construction completion.

XVII. FAIR HOUSING POLICY

It is the policy of the city to ensure fair housing opportunity in all city programs and to administer its housing programs affirmatively, so that all residents of similar income levels have equal access to city programs regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status or sexual orientation. Participants of the AHTF will be required to use affirmative fair housing marketing practices in soliciting renters, determining eligibility, and concluding all transactions as addressed in Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988, as well as the fair housing protections provided by the Minnesota Human Rights Act, which adds creed, marital status, status with regard to public housing, and sexual orientation. In part, regarding rental housing issues, Title VIII, the Human Rights Act make it unlawful to: (i) discriminate in the selection/acceptance of applicants in the rental of housing units; (ii) discriminate in terms, conditions or privileges of the rental of a dwelling unit; (iii) engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit; (iv) make or publish (or have anyone else make or publish) advertisements that indicate preferences or limitations based on race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, or sexual orientation; (v) tell a person that because of race, color, creed, relation, national origin, sex, marital status, status with regard to public assistance, disability, familial status, or sexual orientation, a dwelling unit is not available when it is; and (vi) deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation.

XVIII. ADMINISTRATION

The administration of the AHTF is the responsibility of the Community Development Department. If there are questions about the AHTF Program, contact:

Karen Barton, Community Development Director
Community Development Department
City of St Louis Park
5005 Minnetonka Blvd
St. Louis Park, MN 55416
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XIX. HOUSING TRUST FUND DEFINITIONS

The following definitions apply to terms used within these Guidelines:

1. **Affordable Housing:** housing that is provided at an affordable rent or an affordable housing cost to low-income (80% AMI), 60% AMI and/or very low-income (50% AMI) and/or extremely low-income (30% AMI) households.
2. **Applicant**: any individual, person, firm, partnership, association, joint venture, corporation, limited liability company, entity, combination of entities or authorized representative who undertakes, proposes or applies to the City for an affordable housing development project.
3. **Area Median Income or "AMI:**" is established for metropolitan areas or non-metropolitan counties by the U.S. Department of Housing and Urban Development (HUD), pursuant to 42 U. S. C. Chapter 1437 et seq., to establish local income classification levels.
    a. **Extremely Low-Income Household**: a household having an income not exceeding thirty (30%) percent of AMI adjusted for household size and as defined by the U.S. Department of Housing and Urban Development.
    b. **Very Low-Income Household**: A household having an income not exceeding fifty (50%) percent of AMI adjusted for household size and as defined by the U.S. Department of Housing and Urban Development.
    c. **Low Income Household**: a household having an income not exceeding eighty (80%) percent of the AMI adjusted for household size and as defined by the U.S. Department of Housing and Urban Development.
    d. **Moderate-income Household**: a household having an income not exceeding one hundred twenty percent (120%) of the AMI adjusted for household size and as defined by the U.S. Department of Housing and Urban Development. Households with income between 120% and 80% of AMI are considered "moderate income."
4. **Bridge Loan:** an interim or short-term loan which can be used to finance all or part of the development project's costs until a permanent loan or the next stage of longer-term financing can be obtained. Money from the replacement financing is generally used to "take out" (to pay back) the bridge loan.
5. **City**: The City of St. Louis Park
6. **Co-housing:** A living arrangement which is owned and managed by the residents and combines private living quarters with common dining and activity areas in a community whose residents share tasks.
7. **Cooperative Housing**: a legal agreement or arrangement in which an association or corporation owns a group of housing units and the common areas for the use of all the residents. The individual participants (shareholder) own a share in the cooperative which entitles the shareholder to occupy an apartment or unit as if they were owners, to have equal access to the common areas and to vote for members of the Board of Directors which manages the cooperative.
8. **Limited Equity Housing Cooperative**: offers ownership opportunities to lower income households while limiting the return from resale that the household can

receive from the housing. It contrasts with “market rate” cooperatives, where memberships can be transferred at market value. Limited Equity Housing Cooperatives are organized as nonprofit corporations.

9. **Construction Loan**: a short-term, interim loan for financing the cost of construction. Payments from the loans are called construction draws and are made at periodic intervals as the construction progresses. These loans are typically converted or taken out by a “permanent loan” and or financing.
10. **Development Project**: means the new construction or the renovation of a residential building or mixed-use building which includes residential units.
11. **First-time Homebuyer:** someone who has not owned a home in the past three years.
12. **Joint Venture Agreement:** A legally binding contract which is formed by two or more parties for a specific purpose. A Joint Venture is an enforceable agreement formed by a partnership or other acceptable legal entity, and its scope is usually limited to one development project.
13. **Market Rate**: Apartments and other residential dwellings that are available on an unsubsidized basis to the general public for lease, rent, or for the purchase of homeownership.
14. **Permanent Loan**: A long-term loan which is usually not less than 7 years and which payments made by the borrower to the lender on the loan can be fully amortized and/or deferred.
15. **Pre-development**: Time period which includes project feasibility studies, site acquisition and preliminary design studies for a development project usually (but not always) preceding the acquisition of a property site.
16. **Residual Receipts**: The income remaining after expenses, in any given time period.
17. **Silent Second:** A second mortgage or lien that is often obtained at preferential (subsidized) terms. The second (or subordinate) lien might bear no interest and may not be repayable until the first mortgage or deed of trust is repaid, or the property is sold (and hence remains “silent”), or may be forgiven in whole or in part after a certain period of time has elapsed.