

HDC Public Funders Panel

June 26, 2019

Presentation Notes by Dulcie Claassen, Vice President and Director of Lending at WCRA

Changes at WCRA

Blog

- Purpose: announce new programs and policies; reduce the number of email blasts from WCRA

Interest rates

- Have dropped!
- ½% to 1% lower than last year this time. Current rates for nonprofit forward rate-locked transactions:
 - 3-year: 4.000
 - 5-year: 4.125
 - 7-year: 4.250
 - 10-year: 4.375
 - 20-year: 4.625
 - 30-year: 4.875
- WCRA rates fluctuate weekly

WCRA is forming a new bond pool

- Previously bond transactions were sent out to member banks for optional participation only after loan committee approval.
- The new bond program will create a pool of funds in which members agree to participate based on Loan Committee approval
- Underwriting is based on our loan products
- Should be up and running this year

Capital Plus reminder and changes

- Partnership with the Commission – it is their funds and WCRA administers the program for them
- Program designed for small and emerging nonprofits that would have trouble securing financing on good terms elsewhere – think of nonprofits loosely here; CACs and Housing Authorities are eligible
- Commission approves borrowers for participation and WCRA loan committee must approve based on credit merits
- Sample properties: housing, museums, community centers, food banks, urban garden providing social services, neighborhood art center, owner-occupied office facilities for the nonprofit
- Can also do equipment financing
- Maximum loan amount recently increased to \$750M for real estate
- No prepayment penalty!
- Real estate interest rate 4%, equipment rate 5%

Early Learning Center program coming

- WCRA has signed a \$5MM contract with Department of Commerce
- Funding will be a combination of soft debt and grants
- In partnership with Enterprise and Craft 3
- Commerce funding is intended to complement other financing (such as WCRA economic development products)
- Program details are being worked out
- Please get in touch with me if you have a project to discuss

Things we do that folks may not be aware of or have forgotten

- Streamlined document program – construction lender must be one of our member banks
- Advantages are a single set of loan documents that provides an easier conversion to perm financing and no new appraisal at conversion to perm
- 2 year forward rate lock and loan commitment are available
- Acquisition/rehab and refinance/rehab
- Economic development loans. The project must serve a low-income population or be located in a low to mod income CT or other CRA targeted area.
- Examples are: commercial space within an affordable housing project, early learning centers, nonprofit office or operations space
- Short term loans: 3, 5 and 7 year loans have no prepayment penalty
- Manufactured housing communities: both resident-owned communities and non-profit owned
- Farmworker housing – both permanent and seasonal
- Last draw program – nonprofit borrowers can avoid the expense of a construction loan if public funds can cover the bulk of construction