



# Predevelopment Loan Fund for Affordable Rental Housing

## What is this program?

The \$10 million Predevelopment Loan Fund provides a source of low-cost financing to help nonprofit developers cover costs relating to the development of affordable rental properties that are currently unsafe, underutilized or in foreclosure. All projects receiving financing will help to revitalize a community and address development needs that were created or exacerbated by Superstorm Sandy.

The Loan Fund provides three-year loans of between \$100,000 and \$500,000 per project, at an interest rate that will not exceed 2%. The loans will be secured by a mortgage on the development site and/or other collateral satisfactory to the New Jersey Redevelopment Authority (NJRA).

Initial occupancy of the units developed under this program is restricted to households at or below 80% of Area Median Income.

## Who is eligible?

Nonprofit developers in good standing, per the state's annual registration, may apply. NJRA anticipates that borrowers receiving Predevelopment Loan Funds will also receive funding from other CDBG-DR programs as well as other public and private funding sources.

## What will the program fund?

Loan Fund proceeds may be used for a variety of predevelopment costs, including but not limited to project feasibility studies, legal fees, soil studies, site preparation, appraisals, and surveys.

Predevelopment costs must have been incurred after October 30, 2012 to be eligible for financing.

## How do I apply?

The NJRA will be announcing the availability of funding, including program requirements and the deadline for the initial funding round. If the Fund is not entirely allocated, the NJRA will accept applications on a rolling basis until all funds are lent.



## What type of documentation might I need for the application?

For nonprofit developers wishing to apply for Predevelopment Loan Funds, an application for Predevelopment Funds for Affordable Rental Housing will be made available on the NJRA website ([www.njra.us](http://www.njra.us)). In addition to the applications, a developer may also have to provide, among other things:

- Tax Identification Number
- Proposed project location
- Evidence of local government support for the project
- A description of the proposed collateral
- A description of the proposed project's benefit to the community
- Identification of other programs from which this project will seek funding
- Number of units targeted to different levels of affordability
- Evidence of current good standing in the state of New Jersey
- Proposed project development budget inclusive of secured and anticipated sources of financing
- Documentation regarding assistance provided through FEMA, SBA and private insurance