



# Leveraging HUD-backed Financing for Affordable and Workforce Housing – A Locally-Based Regenerative Model



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- Fixed-Income Advisor Established in 1987
- \$6 Billion Assets Under Management
- 170 Separately Managed Accounts
- 3 Private Funds ProLoan Bond Fund \$1.1 Billion
- Top 10 performing fund against approximately 220 comparable funds
- Fund Investors are Trusts – Retirement, H & W, etc.
- Differentiator is the Investment in HUD-Backed MBS Loans for Affordable and Workforce Housing, Cooperative Housing and Senior Living Options

# Affordable & Workforce Housing Finance Opportunity

- Housing Needed in Every Market
- Supply Deficit – 6.5 million units
- Investment Stability
- Investor Interest
- Economic Benefits
- Community Benefits

# Affordable & Workforce Housing Finance Challenges

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- Community Imbalance – Housing vs. Necessities
- Interest Rate Uncertainty
- Regional Banking Challenges
  - Risk
  - Reserves
- Lack of Construction Finance
- Investor Hesitation
  - Risk
  - Liquidity
- Finite Finance Programs

# The Benefits of HUD-Backed Programs

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## What are HUD-Backed Housing Finance Programs offered under the Office of Multifamily Housing?

The Office of Multifamily Housing (MFH) Programs provides mortgage insurance originated by FHA-approved lenders to facilitate the construction, rehabilitation, repair, refinancing, and purchase of multifamily rental housing properties.

### Key Programs Include:

221(d)4

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For a Full Listing of Programs, see [Program Descriptions | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)

# The Value of HUD-Backed Programs for Sponsors

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The potential benefits to sponsors and developers include:

- Competitive fixed-rate mortgage for both construction and 40-year permanent mortgage.
- A seamless process of construction to perm financing at competitive finance rates.
- Non-recourse with standard carve-outs. Can be assumed subject to FHA approval.
- High loan to cost ratio which can extend up to 90% for pure affordable unit construction.
- Structuring flexibility to help maximize loan proceeds.
- Draw assistance to mitigate delays for development cash flows.
- One closing for both construction and permanent loan.

# ProLoan Bond Fund Commences the Financing of a 53-Unit Apartment Conversion Project in DeWitt, Iowa.



## Project Highlights:

- \$13.2 million total development cost
- \$6.1 million ProLoan MBS investment
- 53 market-rate units
- 12-month construction period
- MBS backed by HUD-insured mortgage

During the 1<sup>st</sup> quarter of 2024, the ProLoan Bond Fund (“Fund”) commenced the funding of its \$6.1 million MBS purchase commitment to finance the construction and permanent mortgage for the “Iowa Mutual Lofts” housing development.

This is the third construction and permanent loan MBS investment by the Fund in the state of Iowa, bringing much-needed housing to the town of DeWitt, located 180 miles east of Des Moines. The former Iowa Mutual Insurance Company building is comprised of two connected office buildings that were built in stages from 1924-1974. The converted building will include 53 market-rate rental units. The project has broad local, state, and federal government support, was awarded historic tax credits, and received state workforce housing grants.

Resident amenities include a fitness center, business center, picnic area, two rooftop terraces, laundry facilities, and flex work-from-home spaces.

Residents will have easy access to dining, retail, and entertainment nearby in the Hyde Park neighborhood, while Washington Park and Lake Michigan are in close proximity to the property.

The developer and general contractors are constructing the project with qualified skilled labor represented by collective bargaining agreements. The project is expected to be completed in the first half of 2025. Total development costs of the project are projected to be \$13.2 million.

The Fund purchased the Treasury-guaranteed, construction and permanent loan mortgage-backed security from the Fund's established network of mortgage bankers who originate, service and securitize the mortgage securities. The underlying mortgage is HUD-insured and was originated through Federal mortgage insurance programs established by the National Housing Act of 1934.

Since its inception in September 2008, the Fund has negotiated, structured, and purchased **37 Treasury-guaranteed, construction and permanent loan mortgage securities for a total of nearly \$882 million.** All of these MBS investments have financed the new construction or substantial rehabilitation of **multi-family housing and assisted-living projects throughout the United States.**

From the concept of this development to its closing, Fund Manager and Investment Adviser Richmond Capital Management, worked diligently to source and implement its portfolio management strategy in this highly specialized sector of the mortgage securities market. **Working directly with originating bankers and developers remains the key element to achieving the Fund's objective of producing long-term benchmark-beating returns while stimulating economic development.**

*Please refer to the Fund Prospectus and Offering Memorandum for a complete list of risk and return objectives. Past performance is not indicative of future performance.*

# ProLoan Bond Fund Finances Construction of a 52-Unit Senior Cooperative Apartment Project in Mound, Minnesota.



## Project Highlights:

- **\$30.4 million total development cost**
- **\$19.0 million Fund MBS investment**
- **52 senior co-op housing units**
- **16-month construction period**
- **MBS backed by HUD-Insured Mortgage**

During the 1st quarter of 2023, the ProLoan Bond Fund (“Fund”) issued a \$19 million dollar MBS purchase commitment to finance the construction and permanent mortgage for a housing development named “Artessa at Mound Harbor”, a 52-unit senior cooperative. This is the first construction and permanent loan MBS investment project financed by the Fund in the state of Minnesota.

Located next to Cooks Bay on Lake Minnetonka, this newly constructed senior living facility will offer 11 different one- and two-bedroom unit designs in an attractive 4-story building complete with heated underground parking. Each unit occupant(s) will own up to a 70% equity share of their unit, providing the stability of housing desired by seniors.

Residents will enjoy extraordinary amenities located within the project, and in the surrounding community of Mound, MN, home of the Tonka Truck. Onsite amenities include a coffee shop, social gathering rooms, a crafts studio, wellness facility and pickleball court, an outdoor barbeque station and fire pit, and a guest suite for visitors. The adjacent Lost Lake Marina offers access to beautiful Lake Minnetonka.

The developer and general contractor are constructing the project with qualified workers represented by collective bargaining agreements. The new construction project has commenced and will be completed in the second half of 2024. Total development costs of the project are projected to be \$30.4 million with financing provided by the Fund.

The Fund purchased the Treasury-guaranteed, construction and permanent loan mortgage-backed security from the Fund's established network of mortgage bankers who originate, service and securitize the mortgage securities.

Since its inception in September 2008, the Fund has negotiated, structured, and purchased **34 Treasury-guaranteed, construction and permanent loan mortgage securities for a total of nearly \$841 million.** All of these MBS investments have financed the new construction or substantial rehabilitation of **multi-family housing and assisted-living projects throughout the United States.**

From the concept of this development to its closing, Fund Manager and Investment Advisor Richmond Capital Management, worked diligently to source and implement its portfolio management strategy in this highly specialized sector of the mortgage securities market. **Working directly with originating bankers and developers remains the key element to achieving the Fund's objective of producing benchmark-beating returns while stimulative economic development.**

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# ProLoan Bond Fund Finances Restoration of a 94-Unit Housing Authority Apartment Project in Ipswich, Massachusetts.

## Project Highlights:

- **\$39.6 million total redevelopment cost**
- **\$18.5 million Fund MBS investment**
- **94 Housing Authority Apartments**
- **23-month construction period**
- **MBS backed by HUD-Insured Mortgage**

During the 1st quarter of 2023, the ProLoan Bond Fund (“Fund”) issued a \$18.5 million dollar MBS purchase commitment to finance the construction and permanent mortgage for the “Agawam Village” housing development owned by the Ipswich Housing Authority. This is the first construction and permanent loan MBS investment project financed by the Fund in the state of Massachusetts.

Located in Ipswich, MA, the subject property was developed as multifamily housing by the Ipswich Housing Authority in 1979. It consists of 94 one, two, three and four-bedroom units spread across 7 buildings. While Agawam Village has been well-maintained, the project needed modernization and updating. The buildings, interiors, exteriors and aging mechanical systems will all be addressed.



Residents will enjoy new kitchens, bathrooms, flooring and other improvements on the inside, as well as new roofs, facade enhancements and landscaping on the outside. The project, which is expected to take 23 months, will modernize the complex and “help protect one of the most vital resources that our community has,” Ipswich Housing Authority Executive Director Kate McGuire said. “We are so grateful for the incredible support from all our project funders making this project happen.

The developer and general contractor are constructing the project with qualified workers represented by collective bargaining agreements. The new construction project has commenced and will be completed in the second half of 2024. Total development costs of the project are projected to be \$39.6 million with financing provided by the Fund.

The Fund purchased the Treasury-guaranteed, construction and permanent loan mortgage-backed security from the Fund's established network of mortgage bankers who originate, service and securitize the mortgage securities.

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