
Frederick County Housing and Community Development Housing Initiative Fund



DEFERRED LOAN PROGRAM

I. Purpose

The purpose of the Deferred Loan Program (DLP or Program) is to provide flexible loans to help create and preserve affordable housing in Frederick County through leveraging of other funding sources, such as local, state, federal, public and private sources. The DLP shall provide funding for capital costs of rental and ownership housing. Repayments to the DLP shall return to a revolving fund to be used for future DLP loans.

II. Responsible Agency/Parties

The Department of Housing and Community Development, Citizens Services Division (Department) shall administer the DLP. A County Loan Review Committee will review and determine loan approval or denial. The Committee shall consist of representatives from the following: 1) County Executive's Office; 2) County Attorney's Office; 3) County Finance Division; 4) Planning and Permitting Division; and 5) Director of the Department of Housing and Community Development.

III. Eligibility

A. Eligible DLP Fund Uses

Eligible uses of the DLP funds include acquisition, construction, rehabilitation or preservation of affordable housing within Frederick County or municipalities within Frederick County. Examples include usual and reasonable predevelopment expenses, such as fees for engineering, architects and other professionals, purchase of existing property, purchase of unimproved land, building fees, demolition to make way for affordable housing, building materials, labor costs, equipment or fixtures that become a part of real estate, and purchase of federally assisted housing to guarantee continuation of federal assistance. Ineligible uses of DLP funds include repair and maintenance costs, salaries, administrative costs, feasibility studies, master plans, legal fees, consultant fees, office equipment or machinery, entertainment, or any equipment or furnishings not permanently fixed to the structure.

B. Eligible Applicants

1. Nonprofit or not-for-profit organizations
2. Public Housing Authorities
3. Government agencies
4. Profit-motivated entities actively involved in the development of affordable housing

C. Eligible Households

1. Projects must serve households with a total gross income at or below 60% of the Washington MSA median family income limit established by the U.S. Department of Housing and Urban Development, adjusted for household size and automatically adjusted annually when the income limits are published in the Federal Register.
2. Households must occupy the unit as their primary residence.

IV. Project Evaluation

A. Threshold Factors for Applicants

1. Is an Eligible Applicant, serves Eligible Households as described in III B. and C. above, and meets one or more of the following objectives: a) fosters the development of public/private partnerships for the production of affordable housing; b) promotes, where possible, mixed income communities through the creation and equitable distribution of affordable housing units; c) preserves housing that would be lost from the affordable housing stock; d) renovates affordable distressed properties; and e) fulfills a critical housing need in Frederick County.
2. For one to ten unit projects, leverages a minimum of 3-1 from other sources (local, state, federal or private). For projects over ten units, leverages a minimum of 5-1 from other sources.
3. Complies with County, municipality, land use, zoning, and Adequate Public Facilities Ordinance requirements (as applicable).
4. Provides evidence of commitment for long term use as affordable housing – minimum of 30 years.
5. Project must be located in Frederick County.

B. Preference for Projects

Preference may be given to projects that serve persons with the lowest income, persons with disabilities, senior citizens, homeless families, and veterans and are developed by nonprofit or not-for-profit organizations, public housing authorities, and government agencies.

V. Process

A. Information for and Steps for Applicant

1. Applications will be accepted contingent upon funding availability. .
2. Applications may be obtained from the Department by calling 301-600-3530, or downloaded from the website at www.frederickcountymd.gov/housing (click on Developer Incentive Programs/Deferred Loan Program). Applications may be

returned via PDF to m Bailey@frederickcountymd.gov, mailed, or hand delivered to 401 Sagner Avenue, Frederick, Maryland 21713: Attn: Milton Bailey

3. The Department will review the submitted applications for completeness and to ensure the project meets Program objectives, meets all eligibility requirements and the thresholds of the DLP. The Department will present the application to the Loan Review Committee for review and approval or disapproval.
4. If the loan application is approved, the Director of Housing shall issue a commitment letter to the Applicant. The letter will specify the loan terms, the amount of the loan and the date that funds are expected to be available.
5. Any request for an extension of the Loan Commitment must be in writing to the Loan Review Committee.
6. The Director of the Department reserves the right to terminate the Loan Commitment in the event that an Applicant: 1) loses the ability to proceed with the project; 2) makes material alterations to the Application; or 3) fails to comply with the project schedule.

B. Documentation of Security/Repayment

The Department or the Applicant will record appropriate mortgage or similar lien documents (lien documents) in the land records to secure repayment to the County of the principal amount of the loan.

The lien documents shall require repayment upon a capital event such as the sale, refinance, transfer of title to the property, or when the dwelling unit is no longer occupied by the requisite number of eligible households. In certain circumstances, the repayment terms may vary, including but not limited to requiring payments, with or without interest. Typical repayment terms may be patterned after the Maryland Department of Housing – Community Development Administration Rental Housing Works loan requirements for standard surplus cash repayment terms and/or contingent interest surplus cash repayment terms.

C. Eligibility Period

If the proposed unit or development has not been constructed or occupied by an eligible household within the time specified by the Loan Commitment or extension thereof, the application may be reevaluated and voided, or repayment of the loan may be required.

D. Compliance and Monitoring

The Applicant must provide progress reports to the Department on July 1 and January 1 of each year through project completion. Upon project completion an annual Certification of Compliance is required to be submitted by January 1st of each year. The Department may, at any time, inspect and monitor the records and work of the proposed project as to performance and compliance with DLP rules and requirements.

VII. Miscellaneous

A. Privacy

Loan applications, especially personal and financial information on all Applicants, shall be kept confidential. The public may access general information regarding approved Applicants, the amount of the loan, the funds to be leveraged and the number of units to be produced.

B. Lobbying

Applicants are prohibited from engaging in any activities designed to lobby County staff, Affordable Housing Council board members, the County Council or County Executive, or others connected with the DLP of Frederick County.

C. Continued Verification

The Department shall periodically review the outstanding deferred loans to verify continued compliance with the Program requirements.

D. Supplemental Program

The Deferred Loan Program may be used in conjunction with other available affordable housing programs and incentives.