NeighborWorks Capital (NC) delivers the flexible capital needed by NeighborWorks America affiliates to provide affordable homes and community development projects that strengthen their local community. While access to capital varies by community, it generally is not available for predevelopment in areas where there is a need for flexible loan terms or in non-Community Reinvestment Act (CRA) markets. This is especially problematic for NeighborWorks America affiliates in suburban and rural communities.

NC financial products are designed to serve the early- to mid-term timeframes of a project to support the creation and preservation of affordable, for-sale and rental housing for low-income individuals and families, earning below 80 percent of the Area Median Income (AMI). Also NC’s loans can be used for non-housing projects that have an important community revitalization purpose.

NC has three core loan products: an unsecured Predevelopment Loan, which covers costs associated with third-party party due diligence, deposits, loan interest and fees, site design, architectural and engineering, legal, and other predevelopment expenses, in amounts up to $400,000 at a 4.50 percent, fixed-rate for 36 months; an Interim Acquisition/Development Loan for land and building acquisition, property stabilization, and predevelopment expenses, in amounts up to $4 million at a 5.50 percent, fixed-rate for 48 months; and Mini-Perm Loans for mid-term financing for the acquisition of operating rental projects for the purpose of preserving affordability or for additional financing for repairs to improve cash flow and sustainability.

To date, NC has received $54 million in awards from the Community Development Financial Institution (CDFI Fund). This has allowed NC to provide 23 loans in 2013 alone, amounting to nearly $29 million. Since 2001, NC has provided 240 loans, amounting to $125 million.

CommonBond Communities (CommonBond) is the Upper Midwest’s largest, nonprofit provider of affordable housing with on-site supportive services. It owns and operates over 5,400 units of rental housing in approximately 100 housing communities, located in some 50 cities and towns, in Minnesota, Wisconsin, and Iowa.

In 2013, CommonBond sought to convert the historic Tallcorn hotel in Marshalltown, Iowa into 49 affordable apartments for formerly homeless and special needs individuals earning less than 40 percent of the Area Median Income (AMI). While CommonBond received a $7.2 million construction loan from Wells Fargo, the organization needed a second mortgage and an additional $4.6 million in bridge financing of historic tax credits that will be received over a three-year period.

To support the Tallcorn Apartments development, NC provided CommonBond a $570,000, three-year, 5.5 percent, fixed-rate loan to help bridge the historic tax credits. CDFI Fund awards were used, in part, for this loan, which allowed NC to offer flexible loan terms, including non-traditional collateral. NC loan proceeds will also assist in renovations of the commercial retail spaces to support the revitalization of the downtown business district. The Tallcorn Apartments project will be completed in spring 2014 and will lead to the creation of 12 full-time jobs.