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2007 Year End Review

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## **MHCLF ends 2007 with 5 new investors, 12 closed loans**

MHCLF approved 13 loans for \$5.2 million and closed 12 loans totaling more than \$4.5 million in 2007. More than 300 units of affordable housing and almost 24,000 square feet of nonprofit community facility space were financed with resources from MHCLF.

More than \$2 million was secured in additional loan fund capital from five new investors – Bank of the West, Seedco Financial Services, Calvert Foundation, Mile High Banks (formerly Horizon Banks), and Fannie Mae. This increase in long-term, low interest capital provides further resources to meet the needs of the communities served.

Support by these and other investors help us to continue our growth and expand our capacity to provide low-interest, early stage loans to affordable housing developers. It also allows us to continue to build the nonprofit facilities loan products to assist nonprofit organizations serving low-income residents of the metropolitan Denver community as well as the surrounding Front Range and mountain counties.

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**Visit Our New Website!**



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Learn more about the organization including:

- Loan products
- Services for nonprofit and for-profit organizations
- Community partnerships
- Past projects and success stories
- Investors
- And more!

[www.mhclf.org](http://www.mhclf.org)

### Featured Borrowers – Del Norte Neighborhood Development Corporation

In February 2008 Mile High Community Loan Fund made an \$800,000 loan to Del Norte Neighborhood Development Corporation for the acquisition of a half-acre site at 27th Street and Federal Boulevard and predevelopment activity required to move the project forward.

The vision for the site is to develop 38 one and two bedroom affordable rental units and approximately 4,000 square feet of commercial space on the ground floor. Del Norte has established a partnership with Mile High United Way (MHUW) to demonstrate their "Transformational Housing" concept. MHUW will raise a substantial amount of money to supplement the equity brought to the project through LIHTCs. Del Norte will develop the project and coordinate the property management. A third party service provider or group of service providers will help residents secure the services they need.



The project will be targeting to young people transitioning out of foster care placements with the goal of helping the young people make a successful transition to independence.

This loan will be taken out in two years or less with the proceeds from the closing on construction financing.

For more information on Del Norte Neighborhood Development and the organizations other projects visit [www.delnortenc.org](http://www.delnortenc.org).

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### Featured Borrower – Blue Spruce Habitat for Humanity



Blue Spruce Habitat for Humanity, the mountain affiliate of Habitat for Humanity of Colorado, has, with the help of more than 500 volunteers, completed 21 homes in the mountain areas since 1990.

In July 2007, Mile High Community Loan Fund provided Blue Spruce with a \$150,000 construction loan for the building of a duplex in Kittredge. The lot, bought with a \$20,000 grant from the Colorado Division of Housing, is the first of 14 additional lots in the area assembled for Blue Spruce housing projects. The duplex was complete in December 2007 with the families moving in right before the new year.

Throughout its nearly 30 years of existence; Habitat for Humanity International has developed a formula that develops decent affordable housing for families in need with the help of community volunteers. All projects start with a site acquired by the local Habitat affiliate. While preliminary design is being done for the site, families are selected for the homes to be built. The families must show a need for housing, meet low-income requirements (25% to 50% AMI) and be willing and able to contribute a minimum of 500 hours of work during the building process. Construction is never started until the end-user families are selected and volunteer commitments are established.

MHCLF participates in and administers Habitat for Humanity of Colorado's Revolving Loan for Affiliates statewide. If you are a Habitat for Humanity of Colorado affiliate, please contact us at 303-860-1888 or visit [www.mhclf.org](http://www.mhclf.org) for loan information and application.

For more information on Blue Spruce Habitat for Humanity and its many projects visit [www.bluesprucehabitat.org](http://www.bluesprucehabitat.org).

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### Real Estate Financing Resources for Colorado Nonprofit Organizations

Financing the development, acquisition, expansion, or renovation of a building or community facility can be a complex and daunting project. Most real estate projects require multiple sources of funding – usually a combination of equity (organization cash and grants) and debt (loan funds). Some projects may also include sweat equity (volunteer labor and materials) as well.

Often the capital campaign strategy is the first financing option identified and naturally, the prospect of raising the needed funds from individual, corporate and foundation donations is an attractive strategy. The reality is, however, that in many instances capital campaigns cannot produce all the funds needed and in the time frame required for a project to proceed.

Nonprofit organizations should be aware of additional financing resources available in Colorado that may warrant some investigation. Each source has particular eligibility requirements and application processes.

Debt financing can be short term or long term, tax exempt or not, and is almost always secured with the real estate involved. Sources of tax exempt bond financing included the Colorado Housing and Finance Authority (CHFA) ([www.chfainfo.com](http://www.chfainfo.com)) and the Colorado Educational and Cultural Facilities Authority (CECFA) ([www.cecfa.org](http://www.cecfa.org)). Tax exempt bond financing is long term debt that can be acquired early in the project development timeline and cover both soft and hard costs. CHFA also offers conventional long term mortgage financing that can be used to pay off early stage and construction financing that an organization may have used.

Early stage and short term debt financing for predevelopment, land acquisition, construction purposes is the type of financing that commercial banks frequently offer. Terms, fees and pricing will vary and qualifying depends on the financial strength and stability of the organization. Banks have little risk tolerance and operate in a heavily regulated environment limiting the borrowers that can qualify.

Several community development financial institutions, nonprofit lenders with community development missions, exist to fill gaps that banks are unable to fill, and in some cases, participate with a bank on project financing. The Mile High Community Loan Fund ([www.mhclf.org](http://www.mhclf.org)) provides early stage, short-term loans - including a 60 month mini-perm loan product - for nonprofit facility projects serving low to moderate income and special needs people and communities.

Another creative and unique nonprofit resource that helps nonprofits serving the temporarily homeless with real estate projects is HomeAid Colorado ([www.hacolo.org](http://www.hacolo.org)). Their model provides in-kind contributions of labor and materials to dramatically reduce or even cover the entire cost of a project.

A significant resource not to be overlooked in piecing together the financing of a nonprofit facilities project is the government. Local, state and federal government agencies, too numerous to discuss at length here, offer various grants and loans to meet different public purposes.

One prominent example is USDA Rural Development Agency ([www.rurdev.usda.gov](http://www.rurdev.usda.gov)). Rural Development provides loans, loan guarantees, and grants to nonprofit organizations, tribes, and public entities for community facilities in unincorporated rural areas, cities and towns with populations less than 20,000.

Community Development Block Grant funds administered by HUD and distributed by municipalities and, in smaller communities, by the Colorado Department of Local Affairs has also been a longstanding source of funds for nonprofit facilities projects.

Financing a project is just one major piece of a real estate development project. Another resource, the 'Facility Expansion and Renovation: Planning for Capital Projects and Campaigns', developed by the Gates Family Foundation is available online ([www.crcamerica.org](http://www.crcamerica.org)) and offers a step-by-step guide to the many different decisions and tasks that must be considered in the course of a real estate development project.

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### **About Mile High Community Loan Fund**

Mile High Community Loan Fund provides early stage, low-interest, high-risk loans to affordable housing developers (both nonprofit and for-profit entities) and nonprofit organizations developing community facilities serving low-income people and communities.

MHCLF's success is attributed to an intricate network of individuals, organizations, businesses, and institutions in both the public and private sector. This e-newsletter is designed to keep our borrowers, investors and interested community members up to date with MHCLF activities and developments.

*For more information on Mile High Community Loan Fund's loan products please visit [www.mhclf.org](http://www.mhclf.org).*

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Mile High Community Loan Fund  
1905 Sherman Street  
Suite 325  
Denver, Colorado 80203



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