

South Bay Regional Housing Trust Program Options

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Affordable Rental Programs

RESIDUAL RECEIPTS SOFT LOAN

- Most common funding product for trusts and cities
- Loan issued at start of construction or at conversion from construction to permanent financing
- Typically, \$1-5 million loans
- 55-year term at 3% simple interest
- Subordinate to senior debt
- Paid back from residual receipts (i.e. any rental revenue left over after all other expenses are paid)

ACQUISITION AND PREDEVELOPMENT LOANS

- \$750,000 - \$2.5 million
- Loan issued when land is purchased (acquisition) and/or prior to the start of construction (predevelopment)
- Term 1-3 years
- Repaid at the start of construction
- Interest rate varies, but typically small amount under market value

PRESERVATION LOANS

- Two types of preservation
 - Existing affordable projects at risk of losing affordability covenants
 - Naturally Occurring Affordable Housing (NOAH), at risk of increasing rents due to market pressure
- Works exactly like a residual receipts soft loan, but for existing units

ACCESSORY DWELLING UNIT LOANS

- Issued to homeowners for the construction of an Accessory Dwelling Unit (ADU) in exchange for a short-term covenant placed on the ADU limiting rent
- \$50,000 – \$150,000
- 5 – 15 year term
- Loan is partially forgiven at the end of the term
- Requires Trust to meet all residential lending requirements like any mortgage lender

Homeownership Programs

DOWN PAYMENT ASSISTANCE

- Provides a second mortgage to lower income homebuyers to provide necessary down payment
- Repayment methods vary, from small interest, equity participation, and including forgiveness based upon program design

INTEREST RATE BUYDOWN

- Trust pays mortgage lenders directly to buy down the interest rate for lower income homebuyers
- Reduces homebuyer's monthly payments, making housing affordable
- Works best when combined with other homebuyer assistance programs