

Bellwether Overview



Bellwether has historically funded its workforce housing projects with the following sources:

- Debt: tax-exempt bonds
 - Tied to the award of Low Income Housing Tax Credits
 - Availability constrained by minimum debt service coverage based on restricted rents
 - Rates fixed for 15 to 30 years
- Equity: 4% Low Income Housing Tax Credits (“LIHTC”)
 - Bellwether attracts equity into a project by selling the tax benefits to banks and corporations
 - The tax credit is calculated as a percentage of the project development costs; credits and depreciation then flow as tax benefit to the investor
- Reinvested development fee:
 - Part of the developer fee to which Bellwether is entitled under program standards gets reinvested into the project as deferred equity
- Gap source: subordinated loans from public funders
 - In the past, Bellwether has relied on public funding to fill any additional funding gap
 - Public sources are scarce and declining

Typical project funding

