Enterprise

CONVENTIONAL EQUITY

TO SUPPORT THE ACQUISITION & REHABILITATION OF MULTIFAMILY PROPERTIES

Eligible Sponsors	For-profit or not-for-profit housing developers or subsidiaries thereof (the "Sponsor") with substantial prior experience and a demonstrated track record of successfully owning and operating multifamily properties. Sponsors must be financially strong, with a minimum of $1 million in liquidity and $5 million in net worth.
Eligible Projects	▪ Existing multifamily residential rental projects with 100 or more units, a minimum current occupancy rate of 80%, and a projected debt coverage ratio of at least 1.25. ▪ Properties may be restricted affordable housing (LIHTC, Section 8, etc.) or may be unrestricted workforce housing. ▪ Projects will generally have at least 50% of their units occupied by and affordable to households with incomes at or less than 80% of the area median income. ▪ Properties will generally be "B" and "C" class with potential for improvement and more efficient operations.
Social Impact	▪ Stabilize, reposition and enhance multifamily properties by completing capital improvements and implementing quality property management ▪ Preserve existing affordable and workforce housing properties for long-term stewardship and affordability ▪ Green eligible projects through low-cost/high-impact strategies ▪ Promote resident success through social services
Eligible Uses of Proceeds	▪ Acquisition contract price ▪ Immediate capital improvements ▪ Financing costs, soft costs and capitalized reserves
Investment Size	▪ Minimum investment of $3 million and maximum investment of $15 million per project ▪ Average investment of $5 to $7 million per project ▪ Enterprise investment may be used in conjunction with Enterprise loan products, which would not be included in these maximum and average amounts
Ownership Structure	The Sponsor and Enterprise will purchase the property on a joint venture basis. The ownership entity will be subject to an Operating Agreement, which will delineate roles and responsibilities of the Administrative Member (generally an affiliate of the Sponsor) and the Co-Member (Enterprise).
Sponsor Co-Investment	The Sponsor will be responsible for investing a minimum of 10% – 20% of the total equity that is required. The balance of the equity required will be invested by Enterprise.
Allowable Debt	The projects will be financed primarily by permanent debt programs such as FHA, Fannie Mae and Freddie Mac. Leverage shall be limited to a maximum of 80% LTV and minimum 1.25 debt service coverage (on amortizing debt service). These loans will be secured by the property and will be on terms and in amounts acceptable to Enterprise. Enterprise will not guarantee these loans. Interest-only and variable-rate debt products will be considered.

Terms of Investment	5 – 7 years; shorter or longer business plans will be considered on a case-by-case basis.
Target Return	Please contact Enterprise for information regarding target returns. Enterprise seeks investments where a portion of the return is delivered on a current basis (cash-on-cash), with the balance as part of sale or refinancing.
Distributions	▪ Typically, distributions will first be made pro rata according to ownership interests until a Preferred Return has been achieved. ▪ Sponsor will thereafter be entitled to a priority distribution of 20% - 30% of cash flow based on return hurdles achieved; the balance will be distributed according to ownership interests. ▪ Preferred Returns and waterfall provisions will be negotiated on a case-by-case basis, based on the risk/return profile of the investment, geographic location, strength of the real estate and submarket. Pari passu and preferred equity waterfall structures will be considered. ▪ Cash distributed during operations will be required on the most frequent basis permitted by the lender, typically quarterly. ▪ Sponsor's and Enterprise's original capital contribution will be returned upon sale or refinancing, and any surplus will be distributed between the Sponsor and Enterprise according to the negotiated waterfall provisions.
Due Diligence	The following due diligence is required for Enterprise to preliminarily assess an investment in a particular project: ▪ Acquisition & operating budgets ▪ Long-term cash flow projection with residual analysis ▪ Financial statements for three years and trailing 12 months ▪ Current rent roll ▪ Offering memorandum, if available ▪ Summary of investment strategy
Reporting	Enterprise will require monthly occupancy and unaudited financial statements, annual audited financial statements, annual tax returns, and triennial property appraisals.

Contact Us:

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