

2014 NOFA



PARTNER INPUT SESSION #1

DECEMBER 5, 2013

Timeline



December - January

- Partner input; work sessions 1-3
- Incorporate changes

End of January

- Rules completed

February - March

- Public comment on rules
- Hearing scheduled
- Adopt formal rules

Goal:

- Finalized to release NOFA in April 2014

Agenda- Work Session #1



- NOFA Clarification & Improvements
- Regions
- Cost Containment

Future Work Sessions



- **Work Session #2 - January 10th:**
 - Set Asides and Policy Priorities

- **Work Session #3 – January 17th:**
 - Scoring
 - Open discussion and wrap up

NOFA Clarification & Improvements



**APPLICATION,
INSTRUCTION MANUAL
& GUIDELINES**

NOFA Clarification & Improvements



Address major themes from 2013 FAQs

- **Flow of application:**
 - Numbering all pages
 - Grouping related items
 - Table of Contents and Blank Pages
 - Remove OHCS internal worksheets from external application
 - Cross references with other documents (program, manuals etc)
- **Improvements / Updates:**
 - Allow scanned signatures within application (ex: articles of incorporation)
 - Update & Beta-Test
 - ✦ Proforma
 - ✦ 30 year replacement reserve schedule
 - ✦ Green building worksheet
 - Technical assistance

NOFA Clarification & Improvements



Discussion

Other recommendations for consideration?

Have other ideas? Please send them to Kim Travis at:
Kim.Travis@hcs.state.or.us

Regions



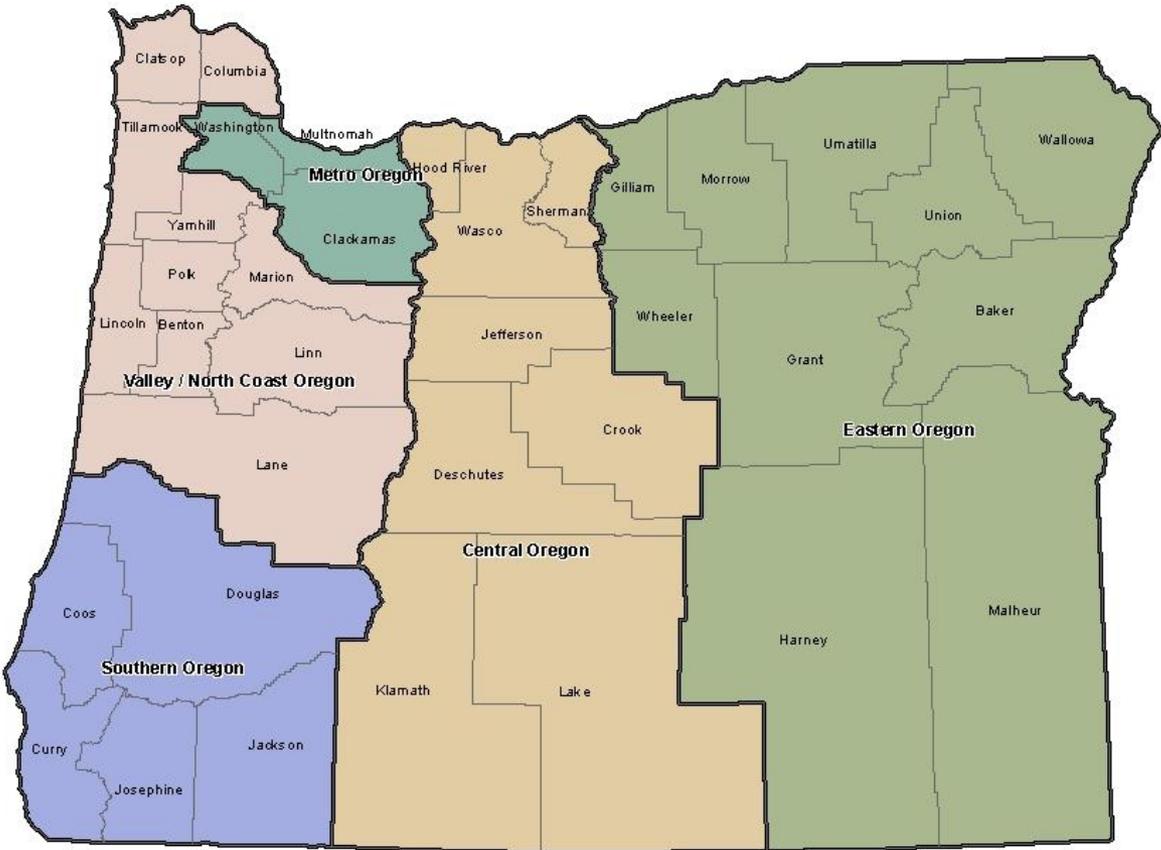
ALLOCATION AND NOFA

Goal of using Regions for Allocation



- Strive for equitable distribution of affordable housing
 - Using the Need Distribution (based on low-income and extremely rent burdened households)
- Focus competition among similar projects / communities
 - Valley/North Coast was challenged in doing this
- Allow for opportunity statewide
 - Central & Eastern required a funding floor
- **2014: should regions be reconsidered?**

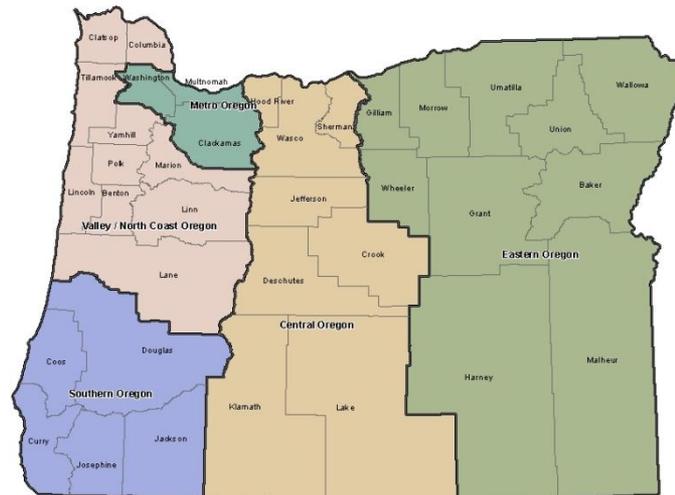
2013 Regions: 5 Regional Solutions Centers



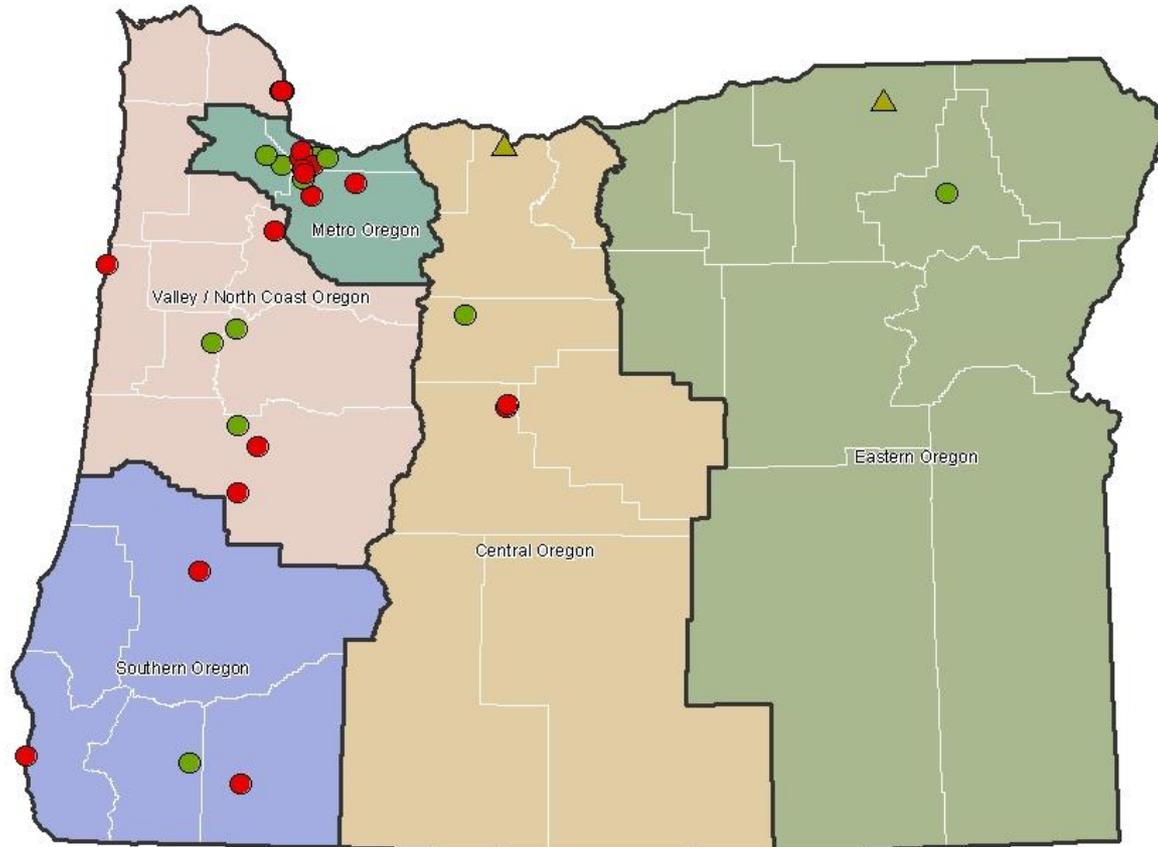
2013 Regions: How did they work?



2013 LIHTC NOFA	Central	Eastern	Metro	Southern	Valley / N. Coast
Need Distribution Percent	6.8%	3.7%	45.1%	12.4%	32.0%
9% LIHTC allocation (calculated from total funds, excluding those required for floor funding)	\$523,600 \$870,000 Floor	\$284,900 \$870,000 Floor	\$3,472,700	\$954,800	\$2,464,000
Actual 2013 9% LIHTC funded	\$867,712	\$689,811	\$3,835,408	\$845,649	\$2,274,442
Actual 2013 % Distribution	10.2%	8.1%	45.1%	9.9%	26.7%
Difference between Need Distribution and Actual Distribution	+3.4%	+4.4%	0.0%	-2.5%	-5.3%

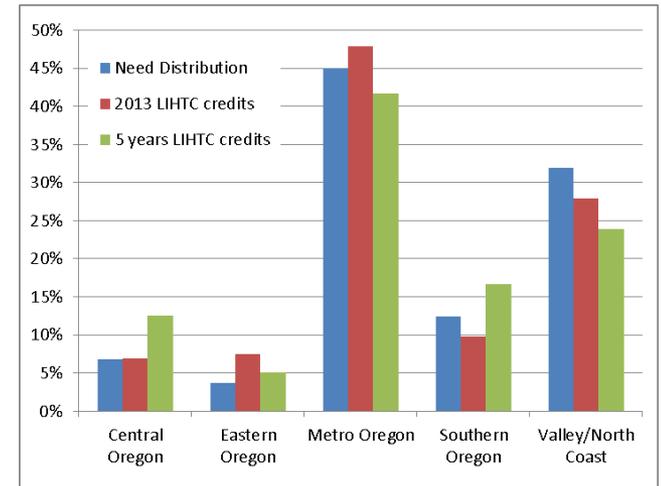
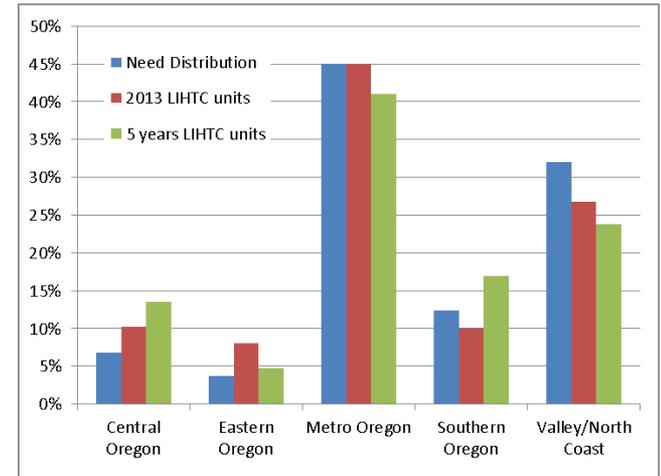
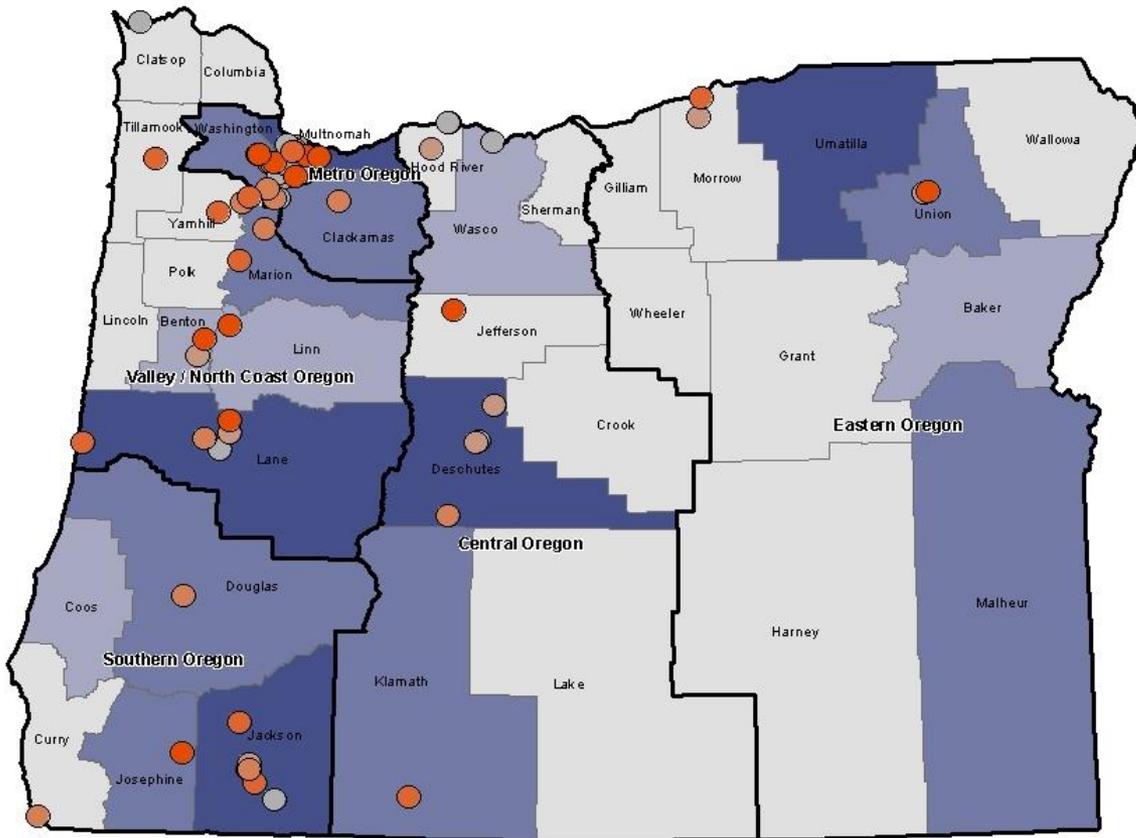


2013 Applicants

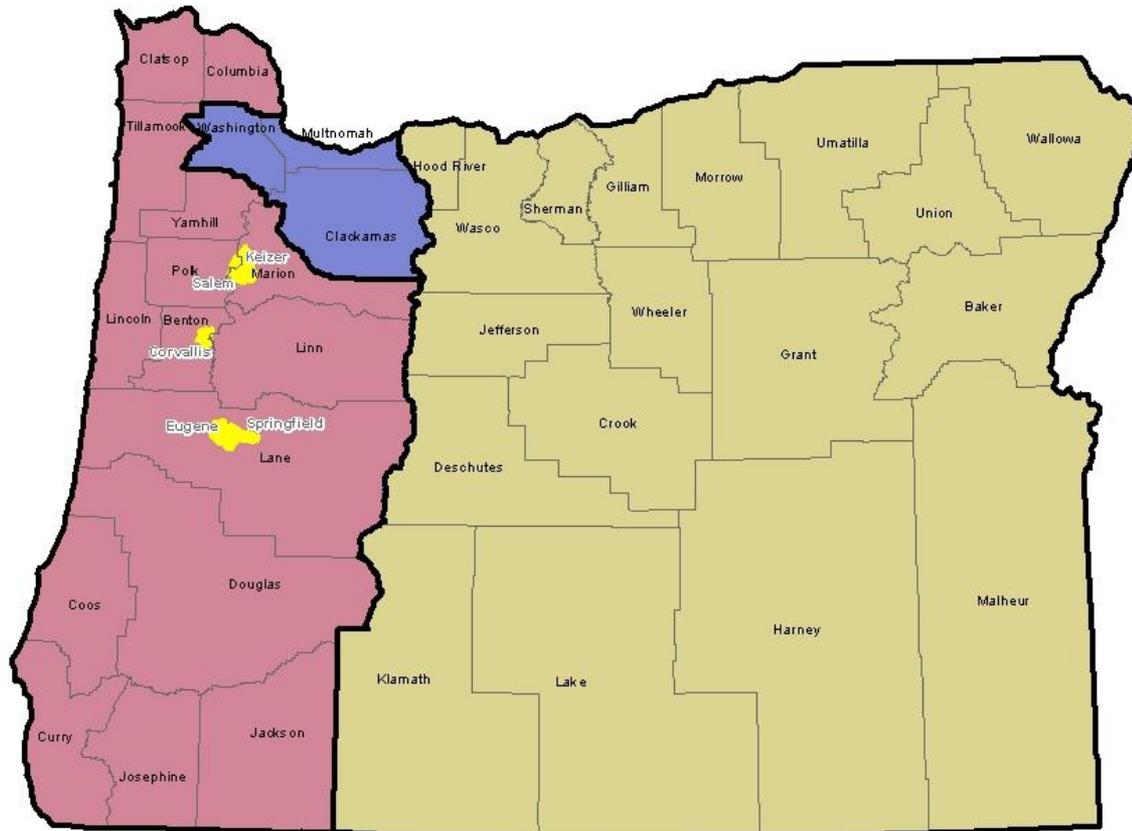


- ▲ HOME funded - 2 projects
- LIHTC funded - 11 projects
- LIHTC not funded - 16 projects

2013 Regions: 5 year Look-Back



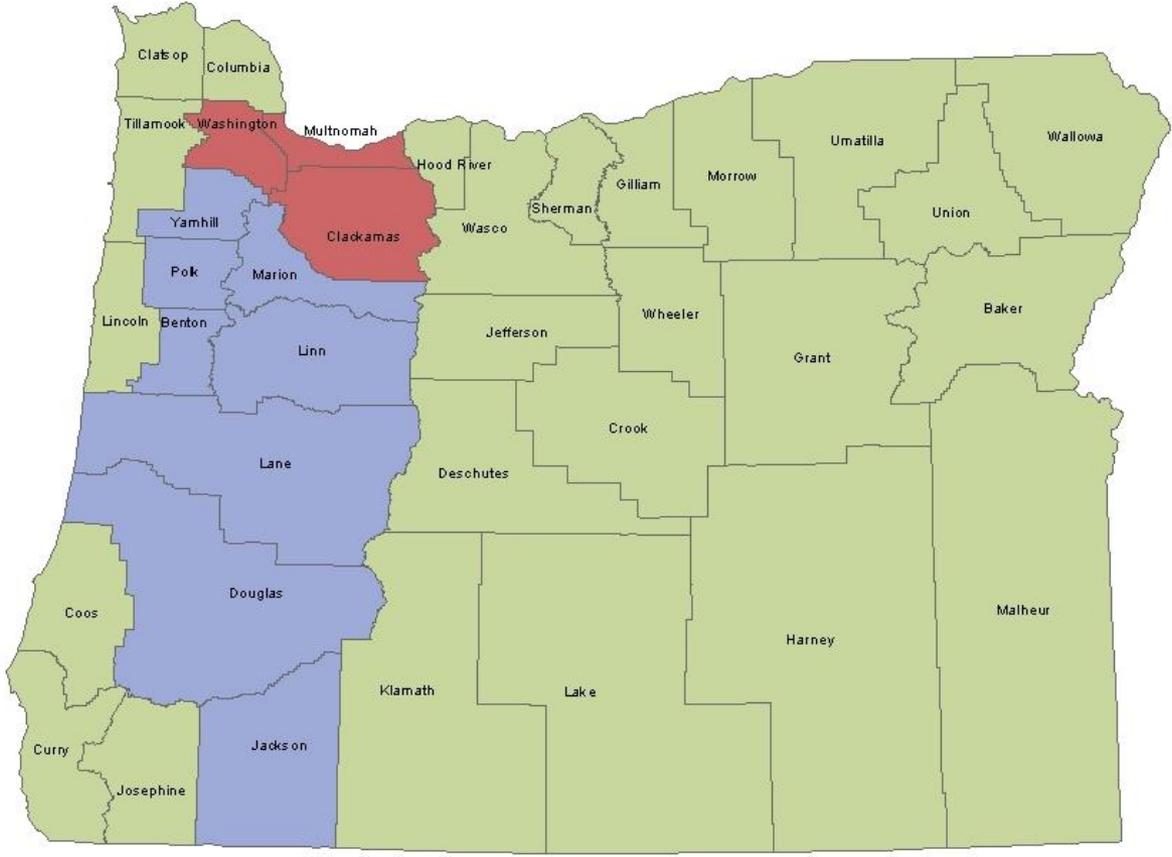
Concept: Metro / PJs / East / West



Regions

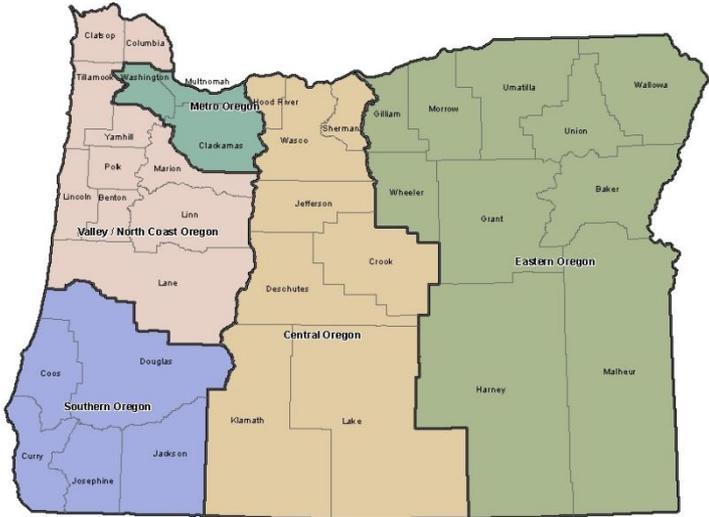
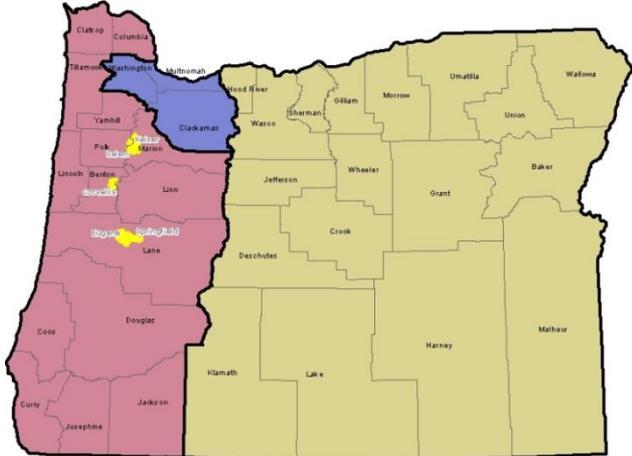
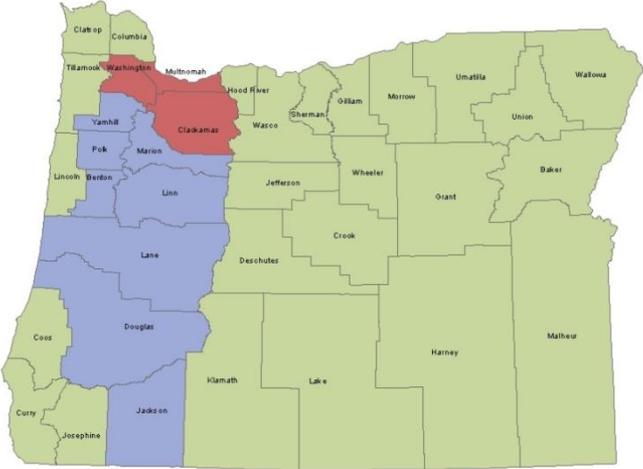


Concept: Metro / Corridor / Balance



Regions
Balance Corridor Metro

2014 Regions: Discussion



Have other ideas?
Please send them to
Julie Cody at:
Julie.Cody@hcs.state.or.us

Cost Containment



**INCORPORATING SOME FORM OF
COST CONTAINMENT**

Context



National movement to examine cost containment

Looking to State of Washington's policies

Known Factors that Impact Costs:

- Green Building Policies
- Architectural Standards

Hard Cost Containment



Desire to take a first step toward cost containment in 2014

- Deeper analysis to be done with time to better understand the source of costs, the difference between market and affordable development costs, life cycle costs, etc

Possible Approaches:

- Points in Competitive Application
- Threshold Test
- Targets

Possible Elements to Consider:

- Cost / Unit
- Cost / Sq Foot

Concept: Cost / Sq Foot



Use Total Development and Construction Costs (excluding acquisition)

- Points: assign points to projects based on the NOFA applicants; higher points to those at / below the median of those that apply

Washington's new approach

- Projects more than 15% above the median receive 0 points
- Projects with in 15% above and 5% below the median receive 2 points
- Projects more than 5% the median receive 3 points

Could also be used as a Threshold or Target measure by using historic project data or RS Means standard values (which is currently a legislative performance measure) to establish limits or targets.

Concept: Cost / Unit



Use Total Development and Construction Costs (excluding acquisition)

Washington Model

Threshold or Target: use recently funded project data to estimate the cost of development by unit sizes.

- Make annual adjustments based on additional year of data
- If Threshold: if costs are higher allow applicants to apply for exception by demonstrating cost rationale for approval.
- If Target: if costs are higher allow applicants to submit a letter of explanation with application.
- Metro vs Balance of State Limits / Targets

Establish these limits / targets by examining Oregon data, setting limits at roughly the top of the norm of project costs experienced; excludes those projects with exceptionally higher costs, which often have an associated “story” to justify the costs.

Concept: Cost / Unit



- Calculated based on unit sizes; based on the average square foot of each unit size and total project Development and Construction costs
 - attributes common space to each unit proportionally
- Limits / Targets published for Studio – 4 bedroom units
- Using 5 years of OHCS 9% LIHTC cost / unit cost data

Oregon draft cost / unit	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Metro	\$200,000	\$222,000	\$272,000	\$306,000	\$325,000
Balance of State	\$145,000	\$162,000	\$205,000	\$258,000	\$275,000

Hard Cost Containment, first step: Discussion



Approaches:

Points in Competitive Application

Threshold Test

Targets

Elements:

Cost / Unit

Cost / Sq Foot

Have other ideas?
Please send them to
Natasha Detweiler at:
Natasha.Detweiler@state.or.us

Thank you for your participation in Work Session #1



WORK SESSION #2 – JANUARY 10TH, 1-4PM:

- Set Asides and Policy Priorities

WORK SESSION #3 – JANUARY 17TH, 1-4PM:

- Scoring
- Open discussion and wrap up