

This document contains the PowerPoint used for the
2016 LIFT NOFA training.

A **recording** of the LIFT NOFA webinar
can be seen by signing up at the following link:
<https://attendee.gotowebinar.com/recording/4123486740181942531>

CORRECTION:

During the LIFT NOFA training it was stated that LIFT applicants using 4% LIHTC could use non-OHCS bonds to meet the 50% test; this is not true.

Projects using other OHCS funds, including LIFT, along with 4% LIHTC are required to use OHCS issued bonds.



OHCS LIFT 2016 Notice of Funding Availability (NOFA) Training

Welcome



NOFA Training Agenda

- **Welcome**
- **Dates to Remember**
- **LIFT Program Overview**
- **NOFA Submission Overview**
 - **Part 1 – Preliminary Submission**
 - **Part 2 – Application and Project Worksheet**
 - **Part 3 – Threshold Requirement Submission**
 - **Part 4 – Competitive Scoring Submission**
- **General Reminders**
- **Dates to Remember**
- **Questions**

NOFA Process – Dates to Remember

- Release date: September 2nd
- Questions should be posed to: MFNOFA@oregon.gov
- FAQs will be published at regular intervals
- Questions until: October 20th

- Site Visit: must initiate by September 19th
 - Include completed Site Review Checklist

NOFA Process – Dates to Remember

- Close date: October 31st
- Administrative Review: November 1st – November 2nd
- Threshold Review: November 3rd – November 7th
- Scoring: November 8th – November 30th
- Finalize Recommendations: December 1st – December 12th
- State Housing Council Presentation: January 6th meeting

LIFT NOFA Funding

- \$39,821,064 in Article XI-Q bond proceeds
 - Is the \$40 million allocation minus capitalized program implementation costs
- No other resources included in this NOFA, though applicants may choose to use the 4% LIHTC program

LIFT NOFA – Eligible Projects

- New Construction
- Must serve:
 - Rural Communities
 - Population less than 25,000 outside of the Portland Urban Growth Boundary
 - Communities of Color
 - Can be achieved in a number of ways and should be relevant to the community in which the project is located. Could include things like:
 - Development, sponsorship or management by a culturally specific organization with a diverse and representative leadership
 - Ongoing service partnership with a culturally-specific organization
 - Relevant marketing and outreach plan designed to publicize to Communities of Color the availability of new housing opportunities and to affirmatively further fair housing
 - Explicitly designed and located to address displacement
- Soft Set-Aside, 50% to Rural and 50% to Communities of Color

LIFT Funding Request Limits

- Applicants may request any amount of LIFT funds per unit, however Applications will be processed in the following order:
 - Primary Consideration – Requests of \$38,000 in LIFT funds / unit or less
 - Secondary Consideration – Requests of more than \$38,000 in LIFT funds / unit

OHCS and its Scoring Committee may decline to review those applications with secondary consideration if they determine, in good faith, that all available program funds can be deployed to projects in the primary consideration category that meet minimum requirements.

LIFT Program Overview

- **Affordability Period:** minimum 20 years, length of original bonds, if used with 4% will match longer affordability period
- **Rents and Incomes:** all LIFT units must be available for households earning 60% or less area median income; rents to not exceed 60% HUD Area Median Income
- **Construction Standards:** both traditional and alternative allowable; quality; durability (30 year standard)
- **Development Period:** units must be ready for initial lease up within 30 months of LIFT reservation

LIFT Program Overview

- **Underwriting Guidelines for LIFT:**
 - Minimum DCR of 1.20 on all 'must-pay' debt
 - 7% Vacancy Factor
 - 2% escalation of rents
 - 3% escalation of expenses
 - Capitalized operating reserve equal to six (6) months operating expenses and debt service
 - Minimum annual replacement reserve deposit of \$450 per unit
- **Developer Fee:** specified for LIFT; more restrictive than other OHCS programs and is included in LIFT pro formas

LIFT Program Overview

- **Resident Services;** comprehensive services are not required for LIFT funded projects, however projects with commitment to serving Department of Human Services (DHS) clients will need to demonstrate how DHS clients will be supported both while being served by DHS programs as well as upon exit.
 - All funded projects will be required to submit a resident services plan as a condition of Reservation.
- **Compliance;** monitoring fee of \$25 per unit per year unless used with 4% LIHTC in which case those program fees will apply
 - Initial household income verification
 - Annual self-certification of household income
 - Risk-based physical inspection every 1-3 years based on property condition
 - If other programs / 4% LIHTC involved, those requirements will apply

LIFT NOFA Documents

- <http://www.oregon.gov/ohcs/Pages/nofa-2016-LIFT.aspx>
- **LIFT NOFA** - Establishes the process, thresholds, and competitive scoring elements used for each NOFA
- **LIFT NOFA Instructions** - Detail the instructions for the NOFA submission, including what Attachments (forms and materials) need to be submitted for the Administrative, Threshold, and Competitive Scoring Review.

LIFT NOFA Submission

- Part 1:** Application Data Submission
- Part 2:** The Applicant and Project Information Submission
- Part 3:** The Threshold Submission
- Project Eligibility form
 - Readiness to Proceed
 - Development Team Capacity
 - Financial Viability
 - Pro Forma
 - Financial Assumptions
 - Architectural Submission
 - Construction Hard Costs
 - Operational or Ownership Agreement commitment
 - Ownership Integrity
- Part 4:** Competitive Scoring Questionnaire
- Part 5 - 8:** The Supplemental Program Materials

Part 1: Application Data Submission Attachments

- 1.1:** NOFA Cover Sheet
- 1.2:** Authorization and Acceptance Signature Authority Form
- 1.2A:** Board of Directors Resolution (if required)
- 1.3:** Organizational Documents Attachment
- 1.4:** Application Submission Checklist

Part 2: Applicant and Project Information Submission

The following information is required on the form:

- Applicant and Project information
- Development Team information
- Unit Type and funding Program designation
- Target Population
- Rent Table
- Site and Building information

This information is critical to providing a thorough snapshot of the project. It is used throughout the review process to orient the reader to the project highlights.

Part 3: Threshold Submission

- 3.1:** Project Eligibility form
- 3.2:** Readiness to Proceed
- 3.3:** Development Team Capacity
- 3.4:** Financial Viability
 - Pro Forma
 - Financial Assumptions
 - Architectural Submission
 - Construction Hard Costs
- 3.5:** Operational or Ownership Agreement Commitment
- 3.6:** Ownership Integrity

Part 3.1: Project Eligibility Form

- Applicant must establish how it meets the requirement to serve either:
 - Rural Communities
 - Population less than 25,000 outside of the Portland Urban Growth Boundary
- OR**
- Communities of Color
 - Can be achieved in a number of ways and should be relevant to the community in which the project is located. Could include things like:
 - Development, sponsorship or management by a culturally specific organization with a diverse and representative leadership
 - Ongoing service partnership with a culturally-specific organization
 - Relevant marketing and outreach plan designed to publicize to Communities of Color the availability of new housing opportunities and to affirmatively further fair housing
 - Explicitly designed and located to address displacement

To be reviewed and approved by Scoring Committee

Part 3.2: Readiness to Proceed

A: Zoning & Site Control:

Project must be zoned for intended purpose; provide Certification. Applicant must have site control demonstrated through appropriate documentation.

B: Federal Project Resource Status

Applicant must have initiated process with resource provider; ie, provide evidence of application.

C: Development Schedule

Applicant must complete OHCS form.

D: Project Site Visit / Checklist

Need to initiate contact by September 19th (Site.Visit@oregon.gov) per Technical Advisories

Part 3.3: Development Team Capacity

A: Capacity Worksheet

This form contains all the key categories that the reviewers need to properly evaluate the sponsor's experience and capacity.

When a sponsor notes that they do not have experience or capacity in a certain area, they must indicate the action plan that will mitigate this risk.

B: Real Estate Holdings

This is a form that identifies all the real holdings of the sponsor or sponsors and what their current balances, values, net income, LTV's and debt service covers are.

To the extent that a project listed on the schedule has a material problem, such as negative cash flow or < 1.0 Debt Service Cover, the sponsor must provide a written explanation of the situation and its mitigation plan.

Part 3.4: Financial Viability

A: Pro Forma

- Must complete and submit one version of the LIFT pro forma; provided 2 versions: LIFT only and LIFT with 4% LIHTC

B: Financial Assumptions

- Without requiring market studies or appraisals, this is a critical area of information for the reviewers.
- The rent and expense information should be detailed and concise. Cite your sources but do not attached, tables, surveys, etc.

Part 3.4: Financial Viability

C: Architectural Submission

- Vicinity map
- Context photos
- Preliminary site design and development plan
- Required site accessibility and visitability features

D: Construction Hard Costs

- Submit complete cost information

Part 3.5: Ownership or Operational Commitment Form

- LIFT requires that the state assume an Operational or Ownership interest in the projects. Our counsel at the Department of Justice has worked with us to produce draft versions of some of the more salient legal documents detailing aspects of the operations, project management, loan issuance, and leases specific to the LIFT program in order to provide them for informational purposes to those interested in the program. These documents are in draft form and should be treated accordingly.
 - <http://www.oregon.gov/ohcs/Pages/lift-housing-development-program.aspx>
- Commitment form requires that you identify and document commitment to enter into ONE of these agreements with the state if funded.

Part 3.6: Ownership Integrity

- Ownership Integrity questionnaire; these are financial representations regarding such matters as fraud conviction, bankruptcy, and debarment.

Competitive Scoring

4.1: Questionnaire

- Provides the information required in order to score against Scoring Criteria that is identified in the NOFA.
- Scoring Committee will review this questionnaire and provide scores for the narrative responses.

Scoring Criteria: 2 different paths for Primary vs Secondary Consideration

Scoring Criteria – Primary Consideration

Applicable if requesting \$38,000 or less per unit in LIFT subsidy

Minimum 25 points required

- Communities with high needs, 15 points
- Length of Development period, 20 points
- Serving DHS clients, 15 points
- Partnerships to serve DHS clients, 15 points
- Cost reduction, 15 points
- Efficiency and Replicability of Building Strategy, 15 points
- MWESB engagement, 5 points

Scoring Criteria – Secondary Consideration

Applicable if requesting more than \$38,000 per unit in LIFT subsidy

Minimum 50 points required

- Lower LIFT subsidy, 15 points
- Communities with high needs, 15 points
- Length of Development period, 15 points
- Serving DHS clients, 15 points
- Partnerships to serve DHS clients, 15 points
- Cost reduction, 10 points
- Efficiency and Replicability of Building Strategy, 10 points
- MWESB engagement, 5 points

Scoring Criteria – LIFT Need Formula

Formula by County

Housing Stability Council adopted a modified version of a recommendation from the LIFT policy sub-committee.

- Nonwhite and Hispanic Poverty rate (37.5%)
- Family Poverty Rate (37.5%)
- Extremely Low Income Households with Severe Housing Problems (25%)

Counties ranked 1-12 receive maximum points, 13-24 receive mid-points, 25-36 receive lower points

Data and ranks included as attachments to the 4.1 questionnaire

Scoring Criteria – continued

Short Development Period Criteria: assigns more points to projects with shorter time until initial unit lease-up

Ability to serve DHS clients: based on reservation of units for DHS clients that earn 0-50/60% median income, and the relationship established with local DHS offices

Strong Local Partnerships for DHS clients: narrative regarding the network of support services established or expected

Replicability of building strategy: narrative detail on the project

MWESB engagement: narrative description of plans to engage

Scoring Criteria – Building Costs

Looks to preference projects that are employing development strategies that lower costs of development; focuses on hard costs of construction.

Applicants will select the base building type that most closely resembles that of the proposed project.

OHCS has pulled together RS Means Cost/Sq Ft for each base building type; more points to projects with costs lower than these base points.

Project costs to include: Construction Costs + Architectural Fees

General Reminders

- Submit Original single sided, copies may be double sided
- Follow the order of the application submittal checklist completely and accurately.
- Make sure to provide all requested material in the order indicated on the checklist.
- Submit only the documents that are listed on the application submittal checklist.
- Use divider tabs to identify each part.
- Number every page of the application.
- When answering narrative questions, do not remove the question, question number, or the box provided.
- Keep responses within the stated length and font size limits.
- Do not double-space your text responses.
- Always mark the project's location on maps and context photos.
- Identify acronyms used by your organization.
- Answer questions completely. Don't assume the reader is familiar with your organization or project.
- Double-check that each copy of the application includes all the same documents as the original.

NOFA Process – Dates to Remember

Release date:	September 2 nd
Questions until:	October 20 th MFNOFA@Oregon.gov
Close date:	October 31st <u>All applications must be in the OHCS offices by 4pm on the close date; they must be complete; post marks do not apply</u>
Administrative Review:	Nov 1 st – Nov 2 nd
Threshold Review:	Nov 3 rd – Nov 7 th
Scoring:	Nov 8 th – Nov 30 th
Finalize Recommendations:	Dec 1 st – Dec 12 th
State Housing Council Presentation:	January 6 th meeting

Questions and Answers

