

# 4% Low Income Housing Tax Credit & Private Activity Bond

## Notice of Funding Availability (NOFA) 2023-10 Informational Webinar

### Reminders:

- Mute yourself when not speaking
- Put questions in chat or raise hand
- Recording of presentation and PDF will be available afterwards

## Welcome

October 3, 2023  
10:00am

Angela Parada, MSRE  
Sr. Tax Credit Programs Manager

1

## Agenda

- [Contacts & Questions](#)
- [Important Dates](#)
- [Program Requirements](#)
- NOFA Process Review
  - [Pre-Application](#)
  - [ProCorem Workcenter](#)
  - [Full Application](#)
- NOFA Content Review
  - [Funding Overview](#)
    - [Program Document Links](#)
- [Evaluation Overview](#)
  - [Administrative Review](#)
  - [Readiness to Proceed Review](#)
  - [Award Order and Ranking](#)
    - [Definitions](#)
- [Final Reminders](#)
- Questions



2

## Contacts & Questions

- Send **ALL** NOFA Related Questions to [MFNOFA@hcs.oregon.gov](mailto:MFNOFA@hcs.oregon.gov)
  - Please include "2023-10 PAB/4% LIHTC" in the subject line.
  - FAQs will be published at regular intervals, available here: <https://tinyurl.com/2ubx9kpu>
- Program specific questions go to:

Area	Name	Email
LIHTC	Angela Parada	<a href="mailto:angela.parada@hcs.oregon.gov">angela.parada@hcs.oregon.gov</a>
OAHTC	Martin Jarvis	<a href="mailto:martin.jarvis@hcs.oregon.gov">martin.jarvis@hcs.oregon.gov</a>
Production	Tai Dunson-Strane	<a href="mailto:Tai.Dunson-Strane@hcs.oregon.gov">Tai.Dunson-Strane@hcs.oregon.gov</a>



3

## Important Dates

Item	DUE DATE
Pre-application Survey Deadline	<b>October 9, 2023</b>
Expected Release of Pre-Application Stats	<b>October 18, 2023</b>
Last Day to Submit NOFA related Questions	<b>October 20, 2023</b>
Intake Application Due	<b>October 27, 2023 – 4pm</b>
Review, Sort and Ranking	<b>November – December 2023</b>
Recommendation Notifications	<b>December 2023</b>



4

## 4% LIHTC Program Requirements

Topic	Specifics
Affordability Duration	60 years extended use (Unless otherwise combined with an OHCS program requiring less)
Income and Rent Limits Applicable	<p>2023 MTSP Limits - Multifamily Tax Subsidy Projects (MTSP)  <a href="https://www.oregon.gov/ohcs/compliance-monitoring/Pages/rent-income-limits.aspx">https://www.oregon.gov/ohcs/compliance-monitoring/Pages/rent-income-limits.aspx</a></p> <p>IRC requires a set-aside election – even if 100% of the units will be tax credit units.            40% @ 60% AMI            20% @ 50% AMI            Average Income Test at 60%  <a href="https://www.oregon.gov/ohcs/development/Documents/admin/AFH-Average-Income-Policy.pdf">https://www.oregon.gov/ohcs/development/Documents/admin/AFH-Average-Income-Policy.pdf</a></p> <p>Current Code does not allow for the compliance of bond financing to be met with AIT. OHCS policy requires pre-approval of AIT on 4%/PAB projects. If considering AIT, please notify your production analyst after recommendation of award.</p>
Development Period	<p>Recommendation of Award: December 2023            Construction Finance Close: Must occur between April 2024 – March 2025</p>

5

## 4% LIHTC Program Requirements Continued

Topic	Specifics
Underwriting Requirements (p. 59 of QAP)	All requirements integrated into the excel NOFA application.
4% LIHTC Program Charges/Fees	<p><b>4% LIHTC Application Fee:</b> \$5,000+\$1,500 for each additional scattered site            (Less any fees paid for other OHCS resources)            \$1,000 due with 4% intake application (remainder due at financial close)  <b>Due postmarked by:</b> October 27, 2023  <b>PAB Application Fee:</b> \$1500 (due at financial close)</p> <p><b>Recipient Charge:</b> \$2,500  <b>Reservation Fee:</b> 12% of Annual LIHTC Allocation  <b>PAB Issuance Charge:</b> 1.5% of aggregate bond amount, capped at \$150K  <b>Draw Down Fee:</b> .5% of bond aggregate bond amount</p> <p><b>LIHTC Monitoring Charge (First 15 years):</b> \$40/unit  <b>BOND Monitoring Charge (First 15 years):</b> \$10/unit  <b>LIHTC Monitoring Charge (After year 15):</b> \$30/unit</p> <p><a href="https://www.oregon.gov/ohcs/development/Documents/NOFA%20Charges%20Table.pdf">https://www.oregon.gov/ohcs/development/Documents/NOFA%20Charges%20Table.pdf</a></p>

6

# 4% LIHTC Program Requirements Continued

Topic	Specifics
Federal Basis Boost: QCT/DDA	<a href="https://www.huduser.gov/portal/sadda/sadda_act.html">https://www.huduser.gov/portal/sadda/sadda_act.html</a>
HERA State Basis Boost	4% projects are ineligible for State Basis Boost. (Addressed in pending legislative update, please consider advocating and supporting the <a href="#">Affordable Housing Credit Improvement Act</a> )



7

# 4% LIHTC Program Requirements Continued

Topic	Specifics															
Developer Fee Calculation	$\frac{\text{(Developer Fee + Consultant Fee)}}{\text{(Total Project Costs - (Acquisition + Developer Fee + Consultant Fee + Capitalized Reserves))}} \div$															
Developer Fee Limits Auto-calculated in excel NOFA app (p. 57-58 QAP)	<table border="1"> <thead> <tr> <th>Project Size</th> <th>4% LIHTC New Construction</th> <th>4% LIHTC Acquisition/ Rehab</th> </tr> </thead> <tbody> <tr> <td>&lt;31 Units</td> <td>20%</td> <td>22% + \$4,000/unit OR + \$5,500/unit for Preservation</td> </tr> <tr> <td>31-75 Units</td> <td>18%</td> <td>20% + \$4,000/unit OR + \$5,500/unit for Preservation</td> </tr> <tr> <td>76-100 Units</td> <td>16%</td> <td>18% + \$4,000/unit OR + \$5,500/unit for Preservation</td> </tr> <tr> <td>100+ Units</td> <td>14%</td> <td>16% + \$4,000/unit OR + \$5,500/unit for Preservation</td> </tr> </tbody> </table>	Project Size	4% LIHTC New Construction	4% LIHTC Acquisition/ Rehab	<31 Units	20%	22% + \$4,000/unit OR + \$5,500/unit for Preservation	31-75 Units	18%	20% + \$4,000/unit OR + \$5,500/unit for Preservation	76-100 Units	16%	18% + \$4,000/unit OR + \$5,500/unit for Preservation	100+ Units	14%	16% + \$4,000/unit OR + \$5,500/unit for Preservation
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8

## NOFA Process



9

## NOFA Pre-Application Survey

- The pre-application survey will be available at:  
<https://app.smartsheet.com/b/form/c2a2bc714cc8489584178465534c7334>
- All applicants seeking to be considered under this NOFA will need to submit a pre-application survey
  - even those projects funded through one of the recent OHCS State Resources NOFAs.
- The deadline to submit a pre-application survey is **10/9/2023**
- Applicants **MAY** submit a pre-application survey and then decide, without penalty, not to complete an intake application.



10

## Procorem Workcenter

- **Created or Confirmed** within five (5) business days of OHCS receipt of Pre-Application Survey
- Intake Application and applicable supplementals will be preloaded by OHCS for download from the Workcenter. It's expected that all submitted application materials will be uploaded to the Workcenter for review.
- If other persons of the development team not on the pre-app need access to the Workcenter, please notify OHCS via email.
- If recommended for funding, the project's WorkCenters will continue to be used through the project development lifecycle.



11

## Intake Application

- Application auto populates fields as you go through. The application's development was intended for completion from tabs left to right of the "Instructions" tab.
- **Pay particular attention to the initial instructions tab.**
  - Pay close attention to the **color** of the tabs and cells.
  - **Review** (hover over) the red flags on cells as they may detail important notes.
  - DO **NOT** use hyphens in any numbers.
  - Leave fields **blank** that are not applicable to your project proposal.
- Do not attempt to change or modify any cells or formulas; there is a risk of application failure.
- By applying, Applicants are agreeing by electronic signature to all terms and conditions of the NOFA and application.



12

## Intake Application Continued

- NOFA Section 2.2 – Note 2 states  
"If the applicant has been awarded an OHCS resource in a 2022 or later NOFA, updated financials are required, along with any items required under section 3 of this NOFA not already supplied to the department. To clarify, applicants meeting this definition will not have to submit a new intake applicant but should provide the most recent set of project sources and uses assumptions for consideration."
  - 3
- NOFA Section 4.3 reiterates the above and makes clear that the  
Post award-order process will be the same as all other applicants.



13

## NOFA Content Overview



14

## General NOFA Details

- Applicants must request 4% LIHTC and/or OHCS Issued Private Activity Bonds.

Source	Amount	Notes
PAB	\$250M	Subject to PABC approval. Projects should not request more than 55% of total project costs. <small>*Reminder projects are reserved an additional 10% escalation for runover costs.*</small>
4% LIHTC	-	Requests should be consistent with IRS §42 (h)(4)(b) regarding credit generation on eligible basis.
OAHTC	-	Up to \$8M in Permanent Loan

Page 6 of the NOFA for more information.



15

## QAP - LIHTC Set-Asides

Set-Asides	Estimate of \$250M in Available 2024 PAB
<b>Metro Pool (65%)</b>	<ul style="list-style-type: none"> <li>- Metro (Multnomah, Washington and Clackamas County)</li> <li>- Estimated PAB Available: \$162,500,000</li> </ul>
<b>BOS Pool (35%)</b>	<ul style="list-style-type: none"> <li>- Balance of State (Any county not listed above)</li> <li>- Estimated PAB Available: \$87,500,000</li> </ul>

See P. 6 of the NOFA for more details

- Projects will be placed into their applicable set-aside
- Scattered site project in different counties will be evaluated in the set-aside with greatest number of units, evaluation will incorporate information from all sites.



16



## Important Documents

General Policy Guidance Manual (GPGM)	<a href="https://www.oregon.gov/ohcs/development/Documents/admin/manual-general-policy-guidelines.pdf">https://www.oregon.gov/ohcs/development/Documents/admin/manual-general-policy-guidelines.pdf</a>
Low Income Housing Tax Credit Qualified Allocation Plan	<a href="https://www.oregon.gov/ohcs/development/Documents/2022%20Updated%20Final%20QAP.pdf">https://www.oregon.gov/ohcs/development/Documents/2022%20Updated%20Final%20QAP.pdf</a>
2023-10 4% / PAB NOFA	<a href="https://www.oregon.gov/ohcs/development/Documents/4percent%20LIHTC%20PAB%20NOFA%202023-10_v1.0.pdf">https://www.oregon.gov/ohcs/development/Documents/4percent%20LIHTC%20PAB%20NOFA%202023-10_v1.0.pdf</a>
OAHTC Program Manual	<a href="https://www.oregon.gov/ohcs/development/Documents/OAHTC/manual-oahtc-2016.pdf">https://www.oregon.gov/ohcs/development/Documents/OAHTC/manual-oahtc-2016.pdf</a>
Core Development Manual	<a href="https://www.oregon.gov/ohcs/development/Documents/Core-Development-Manual/CDM-Version-3-1.pdf">https://www.oregon.gov/ohcs/development/Documents/Core-Development-Manual/CDM-Version-3-1.pdf</a>



17

## Evaluation Overview

There are a series of **Three** reviews in the process of evaluating the 4% LIHTC NOFA intake applications. This process assumes you've already submitted a satisfactory pre-application survey.

**First** - Administrative Review (confirmation of all submission materials)

**Second** – Readiness to Proceed Review (satisfactorily pass all items)

**Third** – Application of Award Order and Ranking Placement



18

## First – Administrative Review

### Items in the Excel Workbook for Submission

1. All Excel Application Pro Forma Elements and Tabs –  
For full breakout see page 9 of the NOFA
2. MWESB Engagement Strategy
3. Applicant Agreement
4. Authorization Acceptance
5. DEI Agreement
6. Board Resolution or applicable documentation
7. Ownership Integrity
8. Applicable Charge Transmittal

### Other Items Requested for Submission

1. Evidence of Site Control
2. Zoning Confirmation Form
3. Site Review Checklist
4. Building Permit Timeline Disclosure
5. Investor Letter of Intent
6. Lender(s) Letter of Intent
7. Utility Allowance Verification
8. Preliminary Title Report
9. Master Plan documentation, if applicable



19

## Second – Readiness to Proceed

Application must satisfy Readiness to Proceed Requirements to be considered for Award Order Prioritization and funding recommendation. Items are evaluated **Pass/Fail**.

	Readiness Requirement	Definition
A.	Financial Close Deadline	Development Schedule should demonstrate a financial close before 3/31/2025 – sooner closing will be prioritized.
B.	Zoning	Form should be completed and submitted demonstrating compatibility
C.	Site Control	Documentation of site control must be submitted
D.	Site Feasibility	Project site checklist should demonstrate feasibility of the project on the proposed site.



20

## Second – Readiness to Proceed

	Readiness Requirement	Definition
E.	Development Pro Forma Review	<ol style="list-style-type: none"> <li>1. Include realistic and available resources on the "Budget Sources" tab of the pro forma.               <ol style="list-style-type: none"> <li>a. confirmed with documentation of all funding sources</li> </ol> </li> <li>2. demonstrate no gaps in project financing.</li> <li>3. demonstrate all other funding is committed to the project with documentation.</li> <li>4. It's prohibited to list OHCS resources not already awarded.</li> <li>5. Contingencies should be within allowable limits.</li> <li>6. Commercial costs should be listed in the correct column.</li> <li>7. Construction inflation should be at least 3%</li> <li>8. Sources listed as "fundraising" or "capital campaigns" will be failed. Sources already derived from those mechanisms is allowable and should be listed as cash in the sources.</li> <li>9. Developer Fee must be within allowable limits.               <ol style="list-style-type: none"> <li>a. Deferred developer fee must be paid off by year 15 of the project.</li> </ol> </li> </ol>
F.	Operating Pro Forma Review	<ol style="list-style-type: none"> <li>1. Have a primary debt service coverage ration (DCR) that is within allowable OHCS target guidelines; (1.15-1.30) unless permanent debt underwriting requires a variance. If a variance is needed, please provide supporting evidence. If OAHTCs are required, a minimum DCR of (1.20) must be demonstrated.</li> <li>2. If there is no permanent debt to the project than cash flow must be positively maintained throughout the first 20 years.</li> <li>3. Mixed Use projects must demonstrate that no commercial income is used to support the low-income residential portion of the project.</li> </ol>



21

## Applying the Award Order

### Projects that:

- I. pass the administrative review (and)
- II. pass the readiness to proceed benchmarks (will be)
- III. placed into the 4% pipeline sorted by award order. Once all projects are reviewed notifications will be made public regarding recommendations for award.
- IV. After recommendation of award, projects will work with assigned production analysts to get remaining due diligence items turned in and move forward with approvals.



22

## QAP - PAB Award Order

Award Order	Definition	Priority
<b>Housing Authorities</b>	Must meet one of both list A and B  <u>LIST A:</u>  • Site control and 100% ownership interest in sole General Partner  • Managing Entity (51% or greater ownership) plus the site is located on Housing Authority controlled land.	Must meet one of both list A and B  <u>LIST B:</u>  • A loan representing the lesser of 10% of total resources or \$5 million.  • Project-based rental assistance for the greater of 25 units or 25% of the total units.
<b>Significant Local Funds</b>	Defined as a project that has the lesser of 10% of its total project resources or \$5 million dollars from a local jurisdictional gap subsidy source.	1
<b>OHCS or Federal Funding</b>	Defined as a project that meets at least one of the following requirements: a. Has a confirmed reservation of an OHCS capital subsidy resource. b. Has federal capital funding.	2
<b>No Other Applicable Funding</b>	Defined as a project without any of the other funding sources identified in the 2nd and 3rd award order categories.	3
		4

COMMUNITY SERVICES

23

## Post Award Order Prioritization Rule

If after the competitive ranking of projects, two or more project are similarly ranked and there are insufficient resources to fully fund all the similarly ranked projects, the following will be used to prioritize resources between projects.

- **Priority 1** - Qualifying Culturally Specific Organization/ Developer. See page 11 of the QAP or the definitions section for requirements.
- **Priority 2** - the project that has the highest percentage of units restricted to residents at 30% MTSP Area Median Income and rents limited to 30% of MTSP Area Median Income. – OR – a project that has the highest percentage of units with state or federal project-based rent assistance.
- **Priority 3** - projects that have been awarded or have a reservation of PSH resources including: rental assistance and supportive operations funding for the purposes of supporting people experiencing chronic homelessness.



24

## Review Tips

- Do not assume that the reader is familiar with your organization in your narrative responses.
- Reviewers may not have access to your complete application, even if you're repeating answers, its likely for a reason.
- Explain acronyms.
- Double check that
  - Referenced "attached" materials are in fact uploaded as supplemental or supporting evidence.
  - Assumptions are standard across various sections of the application



25

## Final Reminders

- Pre-Application Survey due 10/9/2023
- Intake Application due 10/27/2023 at 4pm
- All questions should be sent to [MFNOFA@hcs.oregon.gov](mailto:MFNOFA@hcs.oregon.gov) by 10/20/2023
- FAQs will be updated and posted online frequently.
- Follow "Instructions" tab and red flag cells of the excel NOFA applications
- The process is competitive, and submissions are final.



26

Thank you.

**Questions?**

