4% Low Income Housing Tax Credit & Private Activity Bond

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

<u>Reminders:</u>

• Mute yourself when not speaking

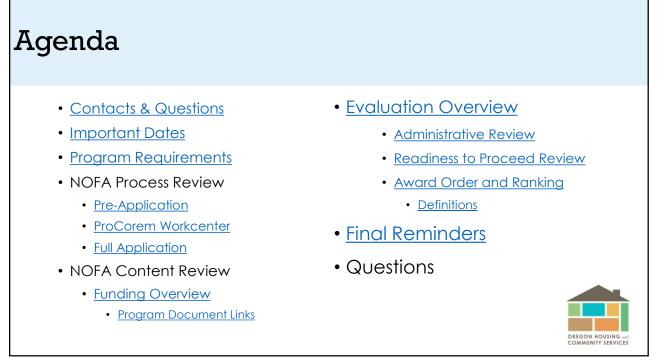
Put questions in chat or raise hand

 Recording of presentation and PDF will be available afterwards

Welcome

October 3, 2023 10:00am

Angela Parada, MSRE Sr. Tax Credit Programs Manager



Contacts & Questions

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

Area	Name	Email
LIHTC	Angela Parada	angela.parada@hcs.oregon.gov
OAHTC	Martin Jarvis	martin.jarvis@hcs.oregon.gov
Production	Tai Dunson-Strane	Tai.Dunson-Strane@hcs.oregon.gov

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

4% LIHTC Program Requirements

Торіс	Specifics
Affordability Duration	60 years extended use (Unless otherwise combined with an OHCS program requiring less)
Income and Rent Limits Applicable	2023 MTSP Limits - Multifamily Tax Subsidy Projects (MTSP) https://www.oregon.gov/ohcs/compliance-monitoring/Pages/rent-income-limits.aspx 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% https://www.oregon.gov/ohcs/development/Documents/admin/AFH-Average-Income-Policy.pdf 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.
Development Period	Recommendation of Award: December 2023 Construction Finance Close: Must occur between April 2024 – March 2025

5

4% LIHTC Program Requirements Continued

Торіс	Specifics
Underwriting Requirements (p. 59 of QAP)	All requirements integrated into the excel NOFA application.
4% LIHTC Program Charges/Fees	 4% LIHTC Application Fee: \$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) Due postmarked by: October 27, 2023 PAB Application Fee: \$1500 (due at financial close) Recipient Charge: \$2,500 Reservation Fee: 12% of Annual LIHTC Allocation PAB Issuance Charge: 1.5% of aggregate bond amount, capped at \$150K Draw Down Fee: .5% of bond aggregate bond amount LIHTC Monitoring Charge (First 15 years): \$40/unit BOND Monitoring Charge (After year 15): \$30/unit
	https://www.oregon.gov/ohcs/development/Documents/NOFA%20Charges%20Table.pdf

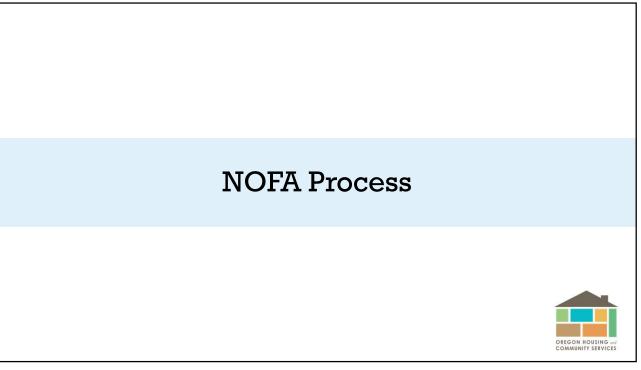
4% LIHTC Program Requirements Continued

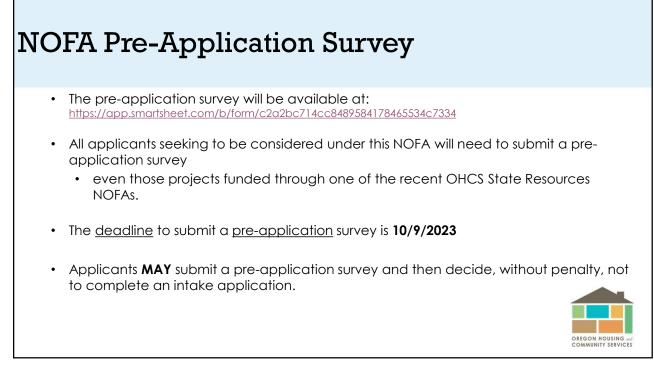
Торіс	Specifics
Federal Basis Boost: QCT/DDA	https://www.huduser.gov/portal/sadda/sadda_qct.html
HERA State Basis Boost	4% projects are ineligible for State Basis Boost. (Addressed in pending legislative update, please consider advocating and supporting the <u>Affordable Housing Credit Improvement Act</u>)
	OREGON HOUSING and COMMUNITY SERVICES

7

4% LIHTC Program Requirements Continued

Горіс	Specifics				
Developer Fee Calculation	(Total Project Costs – (Acquis		· · · · · · · · · · · · · · · · · · ·	e + Consulta er Fee + Cor	nt Fee) nsultant Fee + Capitalized Reserves))
		Project Size	4% LIHTC New Construction	4% LIHTC Acquisition/ Rehab	
Developer Fee Limits Auto-calculated in excel NOFA app (p. 57-58 QAP)	<	<31 Units	20%	22% + \$4,000/unit OR + \$5,500/unit for Preservation	
	3	31-75 Units	18%	20% + \$4,000/unit OR + \$5,500/unit for Preservation	
	7	76-100 Units	16%	18% + \$4,000/unit OR + \$5,500/unit for Preservation	
	1	100+ Units	14%	16% + \$4,000/unit OR + \$5,500/unit for Preservation	





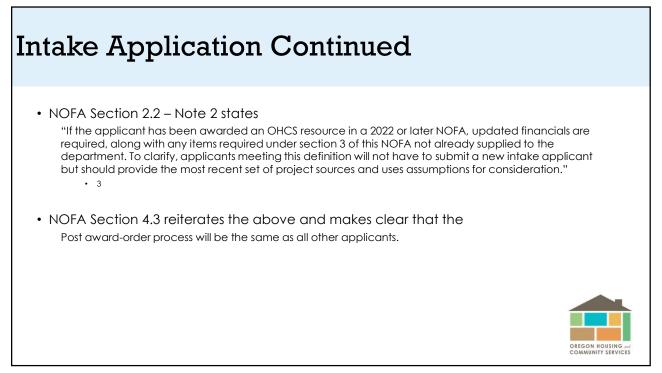
Procorem Workcenter

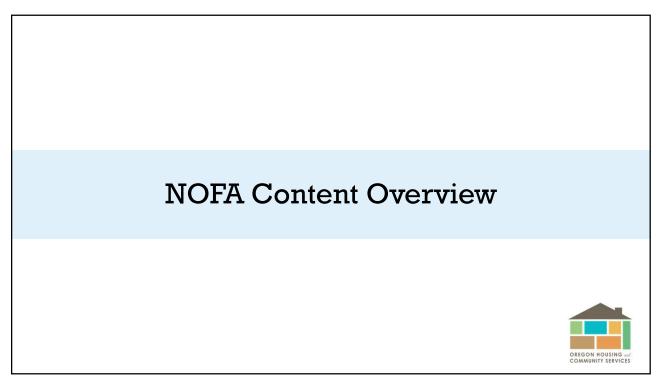
- Created or Confirmed within five (5) business days of OHCS receipt of Pre-Application Survey
- If other persons of the development team not on the pre-app need access to the Workcenter, please notify OHCS via email.
- Intake Application and applicable supplementals will be preloaded by OHCS for download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



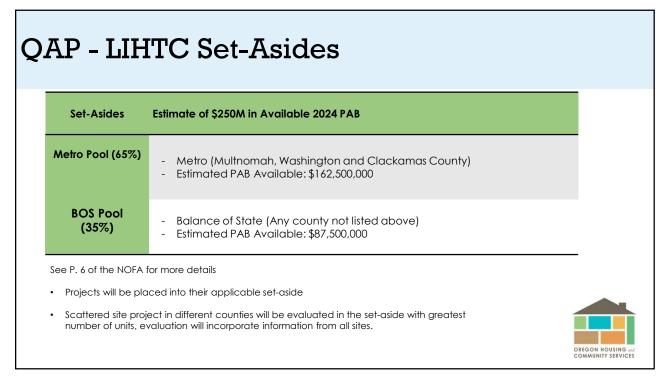
11

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.





Bonds.	ants must re	equest 4% LIHTC and/or OHCS Issued Private Activity	
Source	Amount	Notes	
РАВ	\$250M	Subject to PABC approval. Projects should not request more than 55% of total project costs. *Reminder projects are reserved an additional 10% escalation for runover costs.*	
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 1	the NOFA for	more information.	OREGON HOUSI



Important Documents

General Policy Guidance Manual (GPGM)	https://www.oregon.gov/ohcs/development/Documents/admin/manual- general-policy-guidelines.pdf
Low Income Housing Tax Credit Qualified Allocation Plan	https://www.oregon.gov/ohcs/development/Documents/2022%20Updated%2 0Final%20QAP.pdf
2023-10 4% / PAB NOFA	https://www.oregon.gov/ohcs/development/Documents/4percent%20LIHTC% 20PAB%20NOFA%202023-10_v1.0.pdf
OAHTC Program Manual	https://www.oregon.gov/ohcs/development/Documents/OAHTC/manual- oahtc-2016.pdf
Core Development Manual	https://www.oregon.gov/ohcs/development/Documents/Core-Development- Manual/CDM-Version-3-1.pdf



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



First – Administrative Review Other Items Requested for Submission Items in the Excel Workbook for Submission 1. All Excel Application Pro Forma 1. Evidence of Site Control Elements and Tabs -2. Zoning Confirmation Form For full breakout see page 9 of the NOFA 3. Site Review Checklist 2. MWESB Engagement Strategy 4. Building Permit Timeline Disclosure 3. Applicant Agreement 5. Investor Letter of Intent 4. Authorization Acceptance 6. Lender(s) Letter of Intent 5. DEI Agreement 7. Utility Allowance Verification 6. Board Resolution or applicable 8. Preliminary Title Report documentation 9. Master Plan documentation, if 7. Ownership Integrity applicable 8. Applicable Charge Transmittal

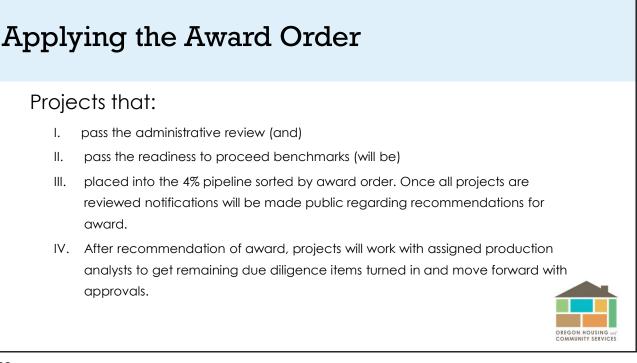
19

Second – Readiness to Proceed

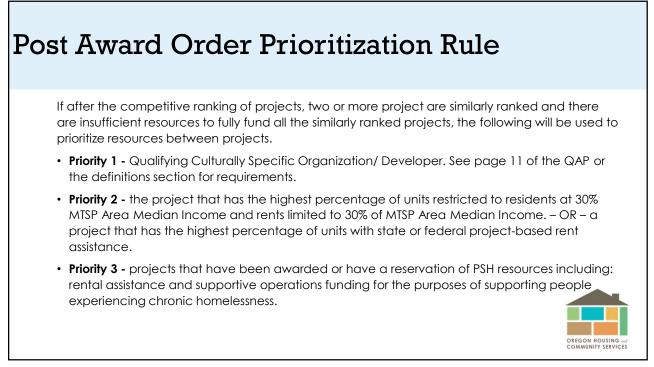
Application must satisfy Readiness to Proceed Requirements to be considered for Award Order Prioritization and funding recommendation. Items are evaluated **Pass/Fail**.

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

Second – Readiness to Proceed Readiness Requirement Definition 1. Include realistic and available resources on the "Budget Sources" tab of the pro forma. a. confirmed with documentation of all funding sources 2. demonstrate no gaps in project financing. 3. demonstrate all other funding is committed to the project with documentation. 4. It's prohibited to list OHCS resources not already awarded. Development Pro 5. Contingencies should be within allowable limits E. 6. Commercial costs should be listed in the correct column. Forma Review 7. Construction inflation should be at least 3% 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. 9. Developer Fee must be within allowable limits a. Deferred developer fee must be paid off by year 15 of the project. 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 **Operating Pro Forma** minimum DCR of (1.20) must be demonstrated. F. Review 2. If there is no permanent debt to the project than cash flow must be positively maintained throughout the first 20 years. 3. Mixed Use projects must demonstrate that no commercial income is used to support the low-income residential portion of the project.



Award Order	Definition		
lousing Authorities	Must meet one of both list A and B	Must meet one of both list A and B	
	LIST A:	LIST B:	
	Site control and 100% ownership interest in sole General Partner	• A loan representing the lesser of 10% of total resources or \$5 million.	1
	• Managing Entity (51% or greater ownership) plus the site is located on Housing Authority controlled land.	• Project-based rental assistance for the greater of 25 units or 25% of the total units.	
Significant Local Funds	Defined as a project that has the lesse million dollars from a local jurisdictione	er of 10% of its total project resources or \$5 Il gap subsidy source.	2
OHCS or Federal Funding	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.		3
No Other Applicable Funding	Defined as a project without any of th and 3rd award order categories.	e other funding sources identified in the 2nd	4



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



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 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.



