

4% Low Income Housing Tax Credit & Private Activity Bond

Notice of Funding Availability (NOFA) 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

June 22, 2023
11:00am

Angela Parada, MSRE
Sr. Tax Credit Programs Manager

Agenda

- [Contacts & Questions](#)
- [Important Dates](#)
- [Program Requirements](#)
- NOFA Process Review
 - [Pre-Application](#)
 - [ProCorem Workcenter](#)
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- Questions

Contacts & Questions

- Send **ALL** NOFA Related Questions to MFNOFA@hcs.oregon.gov
 - Please include “2023-7 4% LIHTC/PAB” 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	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 (Soft Deadline)	June 21, 2023
Expected Release of Pre-Application Stats	June 28, 2023
Last Day to Submit NOFA related Questions	July 14, 2022
Intake Application Due	July 21, 2023 – 4pm
Review, Sort and Ranking	July – August 2023
Recommendation Notifications	August 2023



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) https://www.oregon.gov/ohcs/compliance-monitoring/Pages/rent-income-limits.aspx</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%</p> <p>https://www.oregon.gov/ohcs/development/Documents/admin/AFH-Average-Income-Policy.pdf</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	Recommendation of Award: August 2023 Construction Finance Close: Must occur between July 2023 – March 2024

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>4% LIHTC Application Fee: \$5,000+\$1,500 for each additional scattered site (due postmarked by July 21, 2023) PAB Application Fee: \$1500 (due at financial close)</p> <p>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</p> <p>LIHTC Monitoring Charge (First 15 years): \$40/unit BOND Monitoring Charge (First 15 years): \$10/unit LIHTC Monitoring Charge (After year 15): \$30/unit</p> <p>https://www.oregon.gov/ohcs/development/Documents/NOFA%20Charges%20Table.pdf</p>

4% LIHTC Program Requirements Continued

Topic	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 Affordable Housing Credit Improvement Act)

4% LIHTC Program Requirements Continued

Topic	Specifics															
Developer Fee Calculation	$\frac{\text{(Developer Fee + Consultant Fee)}}{\text{(Total Project Costs - (Acquisition + Developer Fee + Consultant Fee + Capitalized Reserves))}}$															
Developer Fee Limits Auto-calculated in excel NOFA app (p. 57-58 QAP)	<table border="1" data-bbox="1072 722 1640 1368"> <thead> <tr> <th>Project Size</th> <th>4% LIHTC New Construction</th> <th>4% LIHTC Acquisition/ Rehab</th> </tr> </thead> <tbody> <tr> <td><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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NOFA Process

NOFA Pre-Application Survey

- The pre-application survey will be available at:
<https://app.smartsheet.com/b/form/ed36c93fc52a4c6dad8b8af6cdd2ac5c>
- 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 **soft deadline** to submit a pre-application survey is **6/21/2023 – no penalty for being late.**
Hard deadline for intake application is 7/21/2023



NOFA Pre-Application Requirements Continued

- Applicants **MAY** submit a pre-application survey and then decide, without penalty, not to complete an intake application.

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.

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.



NOFA Content Overview

General NOFA Details

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

Source	Amount	Notes
PAB	\$100M	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 \$6M in Permanent Loan

Page 6 of the NOFA for more information.



QAP - LIHTC Set-Asides

Set-Asides	Estimate of \$100M in Available 2023 PAB
Metro Pool (65%)	<ul style="list-style-type: none">- Metro (Multnomah, Washington and Clackamas Co.)- Estimated PAB Available: \$65,000,000
BOS Pool (35%)	<ul style="list-style-type: none">- Balance of State (Any Co. not listed above)- Estimated PAB Available: \$35,000,000

See P. 6 of the NOFA for more details

- Projects are **required** to select 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.

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%20Final%20QAP.pdf
2023 4% / PAB NOFA	https://www.oregon.gov/ohcs/development/Documents/4percent%20NOFA_2023-7_FINALv1.2_6.15.23%20from%20DOJ.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

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

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

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 3/31/2024 – 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.

Second – Readiness to Proceed

	Readiness Requirement	Definition
E.	Development Pro Forma Review	<ol style="list-style-type: none"> 1. Include realistic and available resources on the “Budget Sources” tab of the pro forma. 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. 5. Contingencies should be within allowable limits. 6. Commercial costs should be listed in the correct column. 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.
F.	Operating Pro Forma Review	<ol style="list-style-type: none"> 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. 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.

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.

QAP - PAB Award Order

Award Order	Definition	Priority
Housing Authorities	<p>Must meet one of both list A and B</p> <p><u>LIST A:</u></p> <ul style="list-style-type: none"> • 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. 	<p>Must meet one of both list A and B</p> <p><u>LIST B:</u></p> <ul style="list-style-type: none"> • 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. <p>1</p>
Significant Local Funds	<p>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.</p>	<p>2</p>
OHCS or Federal Funding	<p>Defined as a project that meets at least one of the following requirements:</p> <ol style="list-style-type: none"> Has a confirmed reservation of an OHCS capital subsidy resource. Has federal capital funding. 	<p>3</p>
No Other Applicable Funding	<p>Defined as a project without any of the other funding sources identified in the 2nd and 3rd award order categories.</p>	<p>4</p>

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.



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 6/21/2023 (soft deadline)
- Intake Application due 7/21/2023 at 4pm
- All questions should be sent to MFNOFA@hcs.oregon.gov by 7/14/2023
- 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.



Thank you.

Questions?

