

# 2021 LIFT Homeownership NOFA FAQ

Questions as of 02/19/2021

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## **LIFT HOMEOWNERSHIP NOFA:**

**Question:** Hi, is the LIFT NOFA open to private developers?

**Answer:** Yes, private developers can apply for LIFT Homeownership.

**Question:** Eligible Activities for LIFT Funds – Regarding this verbiage in the NOFA: Please note: Projects that are under construction (including site work) at the time of Application are not eligible for funding through this NOFA. Projects that begin construction after LIFT Fund Reservation and before LIFT loan closing may have their LIFT Fund Reservation revoked.” Does this include infrastructure for a subdivision?

**Answer:** Infrastructure for a subdivision is acceptable. However, we do not want any construction to begin for the homes/units, aka no foundations. Also – projects won’t be allowed to use OHCS funding to pay for costs incurred prior to closing for infrastructure work.

**Question:** Should we be getting wet signatures on all signature pages? With distributed teams, e-signatures are much easier for us to coordinate.

**Answer:** E-signatures is fine for the NOFA application. If chosen for funding, wet signatures will be required before construction begins.

**Question:** We noticed that the NOFA refers to this LIFT Homeownership application as a "loan". We want to confirm that this is a "subsidy" or "grant program". Do we have to pay back the funds if we were to receive an award?

**Answer:** LIFT funds are a 0% interest, deferred payment loan that is secured against the value of the land and in first lien position on the land. The loan term is 20 years, during which no interest accrues and no payments are made. At the end of the loan term (year 20), a borrower can either repay the loan or can extend the loan for an additional 20 years with the same terms. At the end of the second 20-year period, the loan is deemed satisfied and there are no payments required on the loan. Affordability on the homes must be maintained for the full term of the loan, including subsequent sales of the homes.

**Follow-up Question:** We are planning to selling the home to low-income families using the LIFT funds to reduce the total cost of the home by the amount received (dollar for dollar ,i.e., total cost per house is 189,000 and if we receive 30,000 per unit the cost of home to be financed will be 159,000) if awarded the funds. How would the first lien position work in this case? Is this something that we can do? Is there another option or position that we take to allow us to submit a compliant and competitive application?

**Answer:** Most applicants have applied using a community land trust model because this satisfies the requirement for the LIFT loan to be in first lien position since the sponsor organization owns the property for the affordability period and sells the improvements on the property (the homes) to homebuyers, however, homebuyers do not purchase or own the land under the homes. This structure allows the homeowner to have a mortgage on the home that is in first lien position. This structure also enables the sponsor organization to ensure that homes are affordable for the full 20-40 year loan term.

**Question:** Does the non-profit organization who administers the managing of the rentals get a fee? How much is it? Can the administrator charge HOA fees or deposits?

**Answer:** The proformas for each application will show eligible line items, both for project construction and operation. For LIFT Rental, management fees are an eligible cost and for Homeownership. The community land trust can charge a monthly rental fee for the land that homes sit on, but it needs to be affordable for low-income homeowners.

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## **Questions as of February 5:**

**Question:** I can access the training meeting recording, but unable to download and save it. Is there a way for me to save the recording?

**Answer:** In order to track attendees, the permissions were set to disallow the video to be downloaded. But the recording and slides are available to review on the LIFT Homeownership NOFA webpage, under

Training & Guidance: <https://www.oregon.gov/ohcs/development/Pages/nofa-lift-homeownership-2021.aspx>.

**Question:** We have identified some land that we want to purchase, and use the LIFT award to finalize the purchase. Is a contract to purchase the land sufficient evidence to satisfy Readiness to Proceed? Could you please let me know if a land contract is appropriate for site control? And if yes, is there anything specific the contract needs to state with respect to timing or anything else?

**Answer:** Yes. This is acceptable. It needs to be good through the end of 2021.

**Question:** We are looking at doing a scattered site which appears can all be within one application instead of 3. Is that correct? They are in different communities...(2 of 3).

**Answer:** Yes! That is correct.

**Question:** A surplus property RFP will be opening up in February 2021, but awards will not be finalized until April or May 2021. Do we need the award to apply this year?

**Answer:** Yes, Site control is required at the time of application. An application submitted without site control would not meet minimum Threshold Requirements, such as Readiness to Proceed.

**Question:** Is there a potential that LIFT will still be funding Homeownership opportunities next year?

**Answer:** We don't know what any LIFT funding will be next year, we are waiting to see the outcome of the legislative session.

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## **Questions as of February 12:**

**Question:** What is the maximum Developer Fee? Is this set per unit or as a % of costs?

**Answer:** The 7% total Sponsor profit is the maximum Developer fee. I'm checking to make sure the proforma is calculating correctly on this point.

**Question:** The application states that Site Control requires fee simple ownership. In other OHCS NOFAs, one can satisfy Site Control with a Purchase Agreement. Is this allowed in the LIFT Homeownership NOFA? Is a fee simple title required to close the LIFT loan?

**Answer:** Yes, you can satisfy site control with a purchase agreement. But you must have fee simple title to close the LIFT loan.

**Question:** In valuing the as-built land + site/infrastructure costs, can you include all the costs listed under "Subdivision Development" section (entitlement fees, infrastructure costs, utility connection fees, etc) to be counted in the calculation of "total land costs" that define the maximum LIFT ask?

**Answer:** No. The costs listed in that section do not get counted towards the calculation of total land costs. We will only loan on the value of the land plus infrastructure/site-work, as verified through an as-built appraisal, assessed value or real market value. Some kind of valuation verification is required to support the LIFT funding request when you submit your application.

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## **Questions as of February 19:**

**Question:** We sent in our pre-application with a specific project site in mind. However, due to a delay in our due diligence, that site is not going to work for our needs. Is it possible to move project sites between the pre-application and actual NOFA application?

**Answer:** Loss of site control is a rather large hiccup, and presumably the project isn't just something you can pick up and do in a new location without having a cascade of other changes to the scope of the project. So, the answer is unfortunately no.

## **PROCOREM WORKCENTER:**

**Question:** I am emailing you about the documents in Procorem at the moment. I am trying to assemble a list of everything needed from third parties but do not see the full application uploaded to Procorem at the moment. Can you please let me know when the full application will be available? We'd like to start right away (we know from experience that some of the documents you need will take a little while to get).

**Answer:** The full app will be released on February 3 2021. The OHCS documents that you need to provide to third parties are located in the workcenter, including the Site Review Checklist which has a list of items you need to provide. We are going to publish a blank version of the application that will be available on the webpage shortly. Please do not fill the example application out, as you'll be given a project specific one on the 3<sup>rd</sup>.

**Question:** Our site control and zoning evidence forms for the LIFT Rental applications are in pdf format. When I try to upload "new version" within the ProCorem Workcenter I am receiving a message that I am unable to do so as the documents are not in a dox format. Is there another way I should be submitting these documents?

**Answer:** You cannot version a word doc with a PDF. You will need to upload them as a separate document and not as a revision.

**Question:** Is the LIFT Homeowner Application Form, along with the other documents (Transmittal Charge, Zoning, Project Site Review Checklist, Board of Directors Resolution) due on February 3<sup>rd</sup> or is this due on March 24<sup>th</sup> as is shown on the calendar in Procorem?

**Answer:** For the Homeownership NOFA, this information is all due on March 24<sup>th</sup>. You just had to request access to the Procorem WorkCenter by Feb 3<sup>rd</sup>.