

LIFT Homeownership 2022 Notice of Funding Availability (NOFA) Training

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Agenda

- Welcome
- Dates to Remember & FAQ Reminder
- LIFT Program Updates
- Application Details
- Application Reviews/Scoring
- General Reminders
- Questions



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NOFA Process: FAQs/Dates to Remember

- Questions should be submitted to:
HONOFA@hcs.oregon.gov
- Request Procorem access on or before: **February 18, 2022**
- Questions accepted until: **April 8, 2022**
- Application due date: **April 22, 2022**
- FAQs will be published at regular intervals



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Changes to LIFT Homeownership in 2022

- Additional Urban Set-Aside
- Updated definition & set-aside for Culturally Specific Organizations
- New Manufactured Home Parks
- Clearer scoring criteria for narrative responses
- Wildfire Direct Awards (Webinar recording located on LIFT Homeownership NOFA page)
- Limiting number of applications per development team to two



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Location Based Set-aside Definitions

- **Rural:** Area defined as Jurisdictions with populations of 15,000 or less outside of the Portland Urban Growth Boundary in counties within MSAs, or Communities with 40,000 population or less in the balance of the state.

50% of LIFT funds are set-aside for Rural projects.



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Location Based Set-aside Definitions

- **Mid-Sized Urban:** Jurisdictions outside of the Portland Urban Growth Boundary that both have a population between 15,000 and 40,000, and are in a county that is part of an MSA.

25% of LIFT funds are set-aside for Mid-Sized Urban projects

- **Urban:** All jurisdictions within the Portland Urban Growth Boundary regardless of size, and communities with populations 40,000 and above in the balance of the state.

25% of LIFT funds are set-aside for Urban projects.



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Definition Update

Culturally specific organization

a non-profit organization designed to serve historically underserved communities least likely to apply for housing occupancy and that is:

- representative of a community or significant segments of a community;
- provides affordable housing to very low- and low-income households; and
- can demonstrate primary target populations served to be 'least likely to apply', meaning there is an identifiable presence of a specific demographic group in the housing market area, but members of that group are not likely to apply for the housing without targeted outreach, including marketing materials in other languages for limited English proficient individuals, and alternative formats for persons with disabilities. Reasons for not applying may include, but are not limited to, insufficient information about housing opportunities, language barriers, or transportation impediments.



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Funding Allocations

- \$15,000,000 in Article XI-Q bond proceeds
 - 50% (\$7,500,000) to projects in Rural Communities
 - 25% (\$3,750,000) to projects in Mid-Sized Urban Communities
 - 25% (\$3,750,000) to projects in Urban Communities
- 15% of all LIFT Funds to go to CSO or Tribal Led Organizations: \$2,250,000



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Funding Limits

Applications may request a LIFT subsidy up to the **LESSER** of:

- The value of the land plus infrastructure/site-work (excluding housing structures), verified through an as-built appraisal, assessed value, or real market value

OR

- **\$115,000** per LIFT homeownership unit



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Land Valuation/Loan Request

- The requested LIFT funding amount must be supported at the time of the Application, by a valuation of the land or by a valuation of the land including its infrastructure (excluding housing structures).
- If an appraisal is not able to be provided in time for the Application due date, Applicants may submit, as evidence of the land valuation, the real market value or assessed value of the land as of the time of the Application.



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Land Valuation/Loan Request

- An Applicant may request a LIFT loan amount (not to exceed \$115,000/unit) greater than the real market value or assessed value of the land if the Applicant believes that the appraised value of the land will exceed the real market value or assessed value.
 - If the request for funding exceeds the provided valuation, the **Applicant must guarantee to cover any gap with cash or a loan** if the final land valuation is not high enough to cover the entire requested funds.
 - Documentation of the availability of the gap coverage must be submitted at the time of the Application (a commitment letter or LOI).



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Eligible Projects

- New Construction of affordable homeownership housing units
- Conversion of existing non-housing structures into new affordable homeownership housing units
- New Manufactured Home Parks



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Ineligible Projects

- Developments that are under construction (including site work) at the time of application
- Developments that begin construction after LIFT Reservation and before LIFT Loan Closing
- Projects aiming to rehabilitate existing residential structures or housing units



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Program Overview

- Affordability Period: minimum of 20 years OR the length of the Bonds outstanding
- Loans satisfied through repayment or extended affordability
- Incomes: all LIFT units must be available for households earning 80% or less area median income; at the time of the sale and any subsequent re-sales for the duration of the affordability period.



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Program Overview

- Construction Standards: both traditional and alternative allowable; quality; durability (30-year standard)
- Development Period: units must be ready for initial sale within 36 months of LIFT reservation
- Profit: profit from the initial sale of homes in the Project may not exceed 7% of the total Project costs and may not increase above what was included in the Application. This can be a combination of profit from the sale of homes and a flat developer fee



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Service to Communities of Color

All Projects funded with LIFT must include service to Communities of Color. This can be achieved in a number of ways and should be relevant to the community in which the Project is located and the target population anticipated to be served. Any approach that is chosen must include intentional engagement with Communities of Color for services planning for the development.



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Underwriting Guidelines

- Financing identified and available for the Project development;
- Letter of Interest (LOI) from a construction lender for overall Project;
- Project construction schedule supports that all homes in the Project will be ready for sale within 36 months of the Reservation Letter;
- Demonstrate that the Applicant has done due diligence and that potential lenders exist, include corresponding down payment / terms for initial and future home buyers. This is based on the Applicant's narrative response describing the mortgage market;
- Demonstrate experience or understanding in running a land lease or applicable association to ensure on-going compliance with the affordability requirements;



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Underwriting Guidelines

- Demonstrate knowledge and evidence of the market for the Project to income eligible households (previous history, waitlist, community/regional homeownership market trends, etc.);
- Evidence that the current land zoning allows for the proposed Project; need for a zoning change is not allowed given time constraints of LIFT program;
- Valuation of land that justifies LIFT investment, as demonstrated by third party appraisal or as otherwise described in this NOFA
- Construction costs estimated based on thorough and defensible methods;



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Underwriting Guidelines

- The information submitted must clearly show a need for LIFT funds;
- For Projects that include more than 4 units, a Phase I study is required prior to closing. If a project has 4 units or less, the project sponsor can choose to opt out of a Phase I study and instead certify that the sponsor will not request additional funds from OHCS to mitigate issues found before, during, and/or after construction and during operation that would have been discovered by a Phase I; and
- Application of prevailing wage requirements to the Project (BOLI), if applicable



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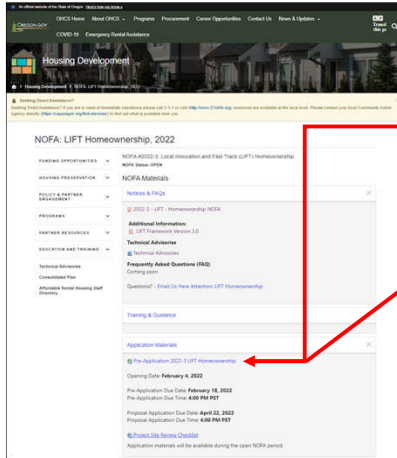
Other Program Requirements

- Fee simple interest: *LIFT funds will be loaned to qualifying Applicants that possess an undivided fee simple interest in the land*
- First lien deed of trust
- Payment at end of affordability period or extension of affordability period
- OHCS has an Operational Interest

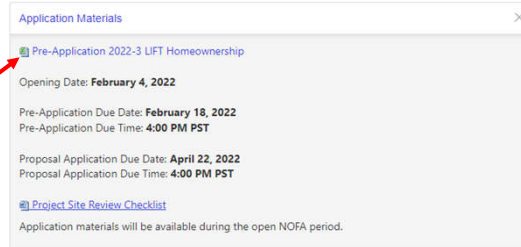


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Application – LIFT NOFA Process Update



OHCS continues to use Procurement to grant access to the full NOFA application. For 2022, instead of simply sending in a request via email, please find the 'Pre-Application' located on the 2022 LIFT Homeownership NOFA webpage.



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Procurement Access

After completed **pre-application** and **site review checklist** documents are sent to HONOFA@hcs.oregon.gov

- OHCS staff sets up a Procurement work center for each project and generates access credentials for Project Sponsors
- LIFT Applications will be placed in Procurement Workcenters on March 4, 2022.

Procurement Work Center Training Webinar:

<https://register.gotowebinar.com/recording/8244073718771606023>

Fill out the registration page to view the webinar



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LIFT Application

Where to get it: download from Procorem Workcenter

What to do with it:

- Complete the application
- Upload it and all required documentation/attachments to Procorem by **4:00 PM PST on April 22, 2022**
- Mail a check for application charges to OHCS postmarked by **April 22, 2022**.
Application charges cannot be made through Procorem.

You may not copy the application to use with a different LIFT Homeownership project. Each application is specifically attached to a Workcenter and a project. You must submit a new application for each project you are applying for.



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Application Charges

All Applicants must submit application charges with the transmittal form in the application via mail. **OHCS cannot accept any electronic payments for Application charges.**

All Application charges must be postmarked no later than the Application Deadline.



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Application Ranking

Funds are reserved by OHCS on a competitive basis to Projects of qualifying Applicants that:

1. Pass the Preliminary Review;
2. Meet the Threshold Requirements; and
3. Have the highest-ranking score from the Scoring Committee in accordance with available funding, subject to prioritization of qualifying Projects



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Preliminary Review

Complete NOFA Application and all required materials submitted through Procorem by Application due date and time, including:

- ✓ Environmental review checklist with all exhibits,
- ✓ Applicant's Owner/Board of Director's Authorization and Acceptance Form,
- ✓ Organizational Documents for Applicant/Co-Applicant,
- ✓ Ownership Integrity Form fully executed,
- ✓ Fully executed OHCS Zoning Form signed by the appropriate zoning jurisdiction, and
- ✓ Signed DEI form for Applicant/Co-Applicant.

NOFA Application Charge sheet and all applicable charges postmarked by Application due date and time



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Threshold Review

Applications move to this review after meeting the Preliminary Review requirements

- **Readiness to Proceed**

- Project development schedule has projected 'ready for sale' dates prior to August 1, 2025.
- Zoning form shows the site is properly zoned for intended project.
- Applicant has site control at least through December 31, 2022.

- **Financial Viability**

- Proforma includes realistic, available, and committed sources.
 - Nothing is listed as Fundraising or as 'Capital Campaigns'
- Sources and uses balance, with no gaps.



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Competitive Scoring

- Maximum of 100 points available
- Minimum of 50 points to be considered for funding
 - Including 5 points in the Serving Communities of Color section
- Applications that pass Preliminary Review & Threshold Review will be scored competitively



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Competitive Scoring

- **LIFT subsidy (15 points)**
 - Determined by project data entered into application.
 - Score verified internally.
- **Readiness to Proceed (15 points)**
 - Determined by project data entered into application & documentation provided with site review checklist.
 - Scored verified internally
- **Construction costs lower than industry norm (6 points)**
 - Based on RS Means data and determined by project data entered into application
 - Scored verified internally



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Competitive Scoring

- **Innovation, efficiency, and replicability (9 points)**
 - Based on project data submitted in LIFT narrative and verified against project pro forma etc.
 - Scored by external scoring committee
- **Minority, Women, and Emerging Small Business (MWESB) Contracting (5 points)**
 - Based on Narrative information submitted.
 - Scored by external scoring committee
- **Financial Viability (10 points)**
 - Based on Financial Submissions
 - Scored internally



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Competitive Scoring

- **Development team capacity (10 points)**
 - Based on information submitted in LIFT Narrative.
 - Scored by external scoring committee.
- **Management group capacity (10 points)**
 - Based on information submitted in LIFT Narrative
 - Scored by external scoring committee
- **Serving Communities of Color (20 points)**
 - Based on information submitted in LIFT Narratives by using scoring criterion in NOFA.
 - Scored by external scoring committee
- **Federally Declared Wildfire Disaster Area (5 points)**
 - Based on Census tract location or City of project.
 - Scored internally



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NOFA Process Reminders

- Use the checklist on the first tab of the application to make sure all required attachments are uploaded to your Procorem work center by the application due date and time
- Procorem training webinar can be found here:
<https://register.gotowebinar.com/recording/8244073718771606023>
- Questions should be submitted to HONOF@hcs.oregon.gov
- FAQs will be published at regular intervals



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Tips for Narrative Responses

- Do not assume that the reader is familiar with your organization
- External reviewers do not have access to your complete application;
 - They will only have access to the NOFA Application.
- Use the project description on the NOFA Narrative Questions tab to establish a general overview of the project.
- Explain acronyms
- Not all reviewers will be subject area experts in homeownership or development; demonstrate expertise and provide high level overviews of concepts.
- Keep responses within the length stated in the application
- Scoring Criteria Detail has been provided for Narrative questions in section 3.4



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Questions?



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