

LIFT Rental 2022 Notice of Funding Availability (NOFA) Training

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Agenda

- Welcome
- Dates to Remember & FAQ Reminder
- Changes to LIFT Rental
 - Set-Asides & Definition Updates
 - Pairing with Private Activity Bonds
- NOFA Overview
 - Program Requirements
 - Application Access
 - Evaluation Process
 - Awards and Reservation Letters
- General Reminders
- Questions



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NOFA Process-FAQs & Dates to Remember

- Questions should be submitted to:

MFNOFA@hcs.oregon.gov

Please include “LIFT NOFA” in the subject line of emails

- FAQs will be published at regular intervals
- Questions accepted until: **April 8, 2022**
- Application due date: **April 22, 2022**



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Changes to LIFT Rental in 2022

- Additional Urban Set-aside
- Updated definition & set-aside for Culturally Specific Organizations.
- Limited Private Activity Bonds
- Wildfire Direct Awards (webinar recording located on LIFT NOFA webpage)
- Limiting number of applications per development team to two
- Clearer scoring criteria for narrative responses
- Studio units are the smallest sized units eligible for funding.



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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 Org.

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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LIFT Rental NOFA Funding

- \$91.05 million in Article XI-Q bond proceeds
 - \$60,700,000 eligible for use with 4% LIHTC/Conduit Bonds
 - Because of the limited availability of state Private Activity Bonds, approximate bond cap in offering is \$170 million
 - \$30,350,000 eligible for use for projects not leveraging the 4% LIHTC/Conduit Bond funding source
- Other funds:
 - OAHTC (up to 95% of permanent loan amount)



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LIFT Rental NOFA Set-Asides

Projects pairing LIFT with 4% LIHTC/PAB Conduit Bonds total \$60,700,000:

Region	% of \$60,700,000	Dollar Amount
Rural	50%	\$30,350,000
Mid-Sized Urban	25%	\$15,175,000
Urban	25%	\$15,175,000

An additional 15% of LIFT funds will be set-aside for Tribal Led or Culturally Specific Organizations which transcends all location set asides: \$9,105,000



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LIFT Rental NOFA Set-Asides

Projects using LIFT alone total \$30,350,000:

Region	% of \$30,350,000	Dollar Amount
Rural	50%	\$15,175,000
Mid-Sized Urban	25%	\$7,587,500
Urban	25%	\$7,587,500

An additional 15% of LIFT funds will be set-aside for Tribal Led or Culturally Specific Organizations which transcends all location set asides: \$4,552,500



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Funding Limits for LIFT paired with 4% LIHTC

	Studio	1 Bedroom	2 Bedroom	3 Bedroom
Urban	\$ 60,000	\$100,000	\$130,000	\$160,000
Midsized Urban	\$75,000	\$125,000	\$165,000	\$205,000
Rural	\$90,000	\$150,000	\$200,000	\$250,000



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Funding Limits for LIFT Alone

	Studio	1 Bedroom	2 Bedroom	3 Bedroom
Urban / Midsized Urban	\$ 90,000	\$150,000	\$210,000	\$270,000
Rural	\$110,000	\$170,000	\$230,000	\$290,000



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Program Requirements-Eligible Activity

- New Construction
- Conversion of existing non-housing structures
- One phase of a multiphase project



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Program Requirements-Service to Communities of Color

- 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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LIFT Loan Terms

- 0% interest
- Payments deferred for the loan term
- 1st lien position, can be shared
- Construction and permanent financing



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Program Requirements-Affordability

- **Affordability Period:**
 - minimum of **20 years** OR the length of the Bonds outstanding
 - minimum of **30 years** OR the length of the Bonds outstanding **if used with 4% LIHTC/Conduit Bonds**
 - Loans satisfied through repayment or extended affordability



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AMI Income and LIFT

- **Incomes:** all LIFT units must be affordable to households earning at or below 60% area median income (AMI), but may be further restricted to accomplish LIFT or other funding purposes



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Program Requirements-Construction Standards

- **Methods:** Both traditional and alternative methods of new construction are allowable; construction that is innovative in containing costs or otherwise serving lower-income populations is encouraged
- **Quality:** Construction that balances the initial cost of building with on-going costs of operation for both the building owner and the tenants (e.g., energy standards); ensuring that additional costs are not passed on to tenants
- **Durability:** 30-year building standards
- **Other requirements:** If other public capital or operating subsidies are used in financing the Project, relevant requirements of those subsidy sources will apply



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Program Requirements-Development Period

- Units must be ready for initial lease-up within **36 months** of the date of the Reservation Letter.
- This NOFA anticipates funding reservations in August 2022; in which case units would be ready for initial lease-up by **August 2025**.



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Program Requirements-Underwriting Guidelines

- Minimum debt service coverage ratio of 1.15 on all "must-pay" debt;
- 7% vacancy rate;
- 2% escalation of rents and 3% escalation of expenses;
- Capitalized operating reserve equal to six (6) months operating expenses and debt service;
- Minimum annual replacement reserve deposit of \$450 per unit;
- Prior to closing, a Phase I environmental study is required for all LIFT Rental Projects;
- Demonstration of meeting BOLI compliance, if applicable; and
- Other Requirements: If other public capital or operating subsidies are used in financing the Project, relevant requirements of those subsidy sources will also apply.



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Program Requirements-Developer Fee

$$\text{Maximum Developer Fee} = \frac{\text{Developer Fee} + \text{Consultant Fee}}{\text{Total Project Cost} - (\text{Acquisition} + \text{Developer Fee} + \text{Consultant Fee} + \text{Capitalized Reserves})}$$

Project Size	New Construction	4% LIHTC New Construction
<31 Units	16%	18%
31-75 Units	14%	16%
76-100 Units	12%	14%
100+ Units	10%	12%



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Application-LIFT NOFA Documents

- LIFT NOFA
- LIFT Pre-application and site review checklist
- LIFT Application



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LIFT NOFA

Where to get it: download from website

What to do with it: Read it and refer to it as you're working on your application



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LIFT Pre-application and Site Review Checklist

Where to get them: download from website

What to do with them:

- Complete both documents
- Submit them together along with required attachments to MFNOFA@hcs.oregon.gov by **February 18, 2022**



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Procorem Access

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

- OHCS staff sets up a Procorem work center for each project and generates access credentials for Project Sponsors
- LIFT Rental NOFA Applications will be uploaded to Procorem Workcenters on March 4, 2022.



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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 your Procorem work center 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.**



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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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Evaluation Process

- Preliminary Review
- Threshold Requirements Review
- Competitive Scoring



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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 – Readiness to Proceed

- Applications move to this review after meeting the Preliminary Review requirements
- Readiness to Proceed
 - Project development schedule has projected lease-up 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.



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Threshold Review-Financial Viability

- 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.
 - Primary DCR is within OHCS Guidelines (1.15-1.30) unless permanent lender provides supporting variance documentation.
 - Positive cash flow is demonstrated on the proforma through year 30, unless paired with 4% LIHTC, in which positive cash flow through year 20 is demonstrated.
 - If no permanent debt, project **must** demonstrate positive cash flow through year 30.



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Competitive Scoring

- Maximum of 100 points available
- Minimum of 60 points to be considered for funding
 - Including 8 points in the Serving Communities of Color section
- Applications that pass 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.
- **Family-sized unit incentive (5 points)**
 - Determined by project data entered into application
 - Score verified internally
- **Readiness to Proceed (10 points)**
 - Determined by project data entered into application & documentation provided with site review checklist.
 - Score verified internally



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Competitive Scoring

- **Serving Communities of Color (29 points)**
 - Based on information submitted in LIFT Narratives by using scoring criterion in NOFA.
 - Scored by external scoring committee
- **Lower rents (5 points)**
 - Determined by project data entered into application
 - Score verified internally
- **Construction costs lower than industry norm (6 points)**
 - Based on RS Means data and determined by project data entered into application
 - Score verified internally
- **Innovation, efficiency, and replicability (6 points)**
 - Based on project data submitted in LIFT narrative and verified against project pro forma etc.
 - Scored by external scoring team



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Competitive Scoring

- **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 by Production staff
- **Development team capacity (4 points)**
 - Based on information submitted in LIFT Narrative.
 - Scored by external scoring committee.
- **Owner, management, sponsor capacity (portfolio compliance) (5 points)**
 - Based on Portfolio performance of all projects in the OHCS portfolio.
 - Scores provided by Portfolio Administration Section (PAS).
- **Federally Declared Wildfire Disaster Area (5 points)**
 - Based on Census tract location or City of project.
 - Scored internally



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Competitive Scoring-Tips

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, even if you feel like you're repeating an answer, there's a reason for it
- Explain acronyms
- Not all reviewers will be subject area experts in rental development or real estate development; demonstrate expertise and provide high level overviews of concepts.
- Scoring Criteria Detail has been provided for Narrative questions in section 3.4.



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NOFA Process-Application Access

Electronic Submission via Procorem

- **Pre-Application: Submit by February 18**

- Download from the LIFT Rental website:
<https://www.oregon.gov/ohcs/development/Pages/nofa22-local-innovation-and-fast-track-lift.aspx>
- Submit to MFNOFA@hcs.oregon.gov
- Receive login credentials for Procorem

- **Full Application: Submit by 4:00 PM PST on April 22**

- Download from Procorem.
- Upload completed application and all attachments to Procorem
- Send application charge via mail to OHCS using charge sheet in application



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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 resources can be found here on the LIFT Rental website:
<https://www.oregon.gov/ohcs/development/Pages/nofa21-local-innovation-and-fast-track-lift.aspx>
- Questions should be submitted to MFNOFA@hcs.oregon.gov
- FAQs will be published at regular intervals



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Questions?

