

Wildfire Direct

2022 Notice of Funding Availability (NOFA) Training

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1

Agenda

- Welcome/FAQ Reminder & Dates to Remember
- Wildfire Direct Offerings Overview
 - Set-Asides & Subsidy Amounts
 - LIFT Program Requirements – Rental & Homeownership
 - Application Access
 - Application Review & Evaluation Process
 - Awards and Reservation Letters
- Fund Availability Information
- Questions



2

Frequently Asked Questions

- Rental Questions should be submitted to:
MFNOFA@hcs.oregon.gov
- Homeownership Questions should be submitted to:
HONOFA@hcs.oregon.gov

Please include “Wildfire Direct” in the subject line of emails

- FAQs will be published at regular intervals



3

Important Dates to Remember

March 1, 2022: Original County set-asides expiration date

March 2, 2022: Remaining funds moved into applicable Rental or Homeownership wildfire pools

June 1, 2022: Unallocated **LIFT funds** will be moved into the **2022 general pool** for either *LIFT Rental without 4% LIHTC/Bonds* or *LIFT Homeownership*

September 1, 2022: Unallocated **Gap resources** will be reallocated to the **2023 Small Project NOFA.**



4

Set-asides and Subsidy Amounts



5

Wildfire Direct Award Offerings

- | | |
|--------------------------|---------------------|
| ➤ Rental Projects | \$50,350,000 |
| ➤ Gap Funds (GHAP/HDGP) | |
| ➤ LIFT Funds | |
| ➤ Homeownership Projects | \$15,350,000 |
| ➤ LIFT Funds | |



6

County Set Asides – Held through March 1, 2022

- Lane, Lincoln, and Marion Counties
 - **Rental Funds:** \$25,175,000 (50%)
 - **Homeownership Funds:** \$6,140,000 (40%)
- Clackamas, Douglas, Klamath, and Linn Counties
 - **Rental Funds:** \$15,105,000 (30%)
 - **Homeownership Funds:** \$3,070,000 (20%)
- Jackson County
 - **Rental Funds:** \$10,070,000 (20%)
 - **Homeownership Funds:** \$6,140,000 (40%)



7

Wildfire Rental Funding

- Has same programmatic requirements as LIFT Rental
 - New Construction only
 - OAHTC available (up to 95% of permanent loan amount)
 - Applications are accepted on a rolling basis
 - Can not be paired with 4% LIHTC and Conduit Bonds
 - Subsidy Limits match Non-LIHTC LIFT Projects in NOFA.
- Has wildfire related threshold requirements, as well as usual threshold requirements.



8

Funding Limits for Wildfire Direct

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

Single Room Occupancy units are not eligible to receive funding in the 2022 LIFT Rental NOFA.



9

Wildfire Homeownership Funding

- Has same programmatic requirements as LIFT Homeownership
 - New Construction only
 - Applications are accepted on a rolling basis
- Has wildfire related threshold requirements, as well as usual threshold requirements.
- Maximum Subsidy Amount per unit/lot: **\$115,000** or **value of the land plus the value of infrastructure/site-work** (excluding housing structures).



10

Program Requirements



11

Eligible Activity

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



12

Service to Communities of Color

- Can be achieved in a number of ways,
- 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.



13

LIFT Loan Terms

- 0% interest
- Payments deferred for the loan term (~20 years)
- 1st lien position, can be shared
- Construction and permanent financing



14

LIFT Affordability

- **Affordability Period for LIFT funds:**
 - minimum of **20 years** OR the length of the Bonds outstanding
 - Loans satisfied through repayment or extended affordability
- **Incomes:** all LIFT rental units must be affordable to households earning at or below 60% area median income (AMI), all LIFT homeownership units must be affordable to households earning at or below 80% (AMI)



15

Gap Affordability

- **Affordability Period for Gap funds:**
 - **60-year affordability period**
- **Incomes:** all rental units must be affordable to households earning at or below 80% area median income (AMI)



16

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
- **Durability:** 30-year building standards



17

Construction Standards

- **Quality:** Construction that balances the initial cost of building with on-going costs of operation for both the building owner and the tenants or homebuyer (e.g., energy standards); ensuring that additional costs are not passed on to tenants or homebuyer
- **Other requirements:** If other public capital or operating subsidies are used in financing the Project, relevant requirements of those subsidy sources will apply



18

Rental 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;



19

Rental Underwriting Guidelines

- Prior to closing, a Phase I environmental study is required for all Wildfire 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.



20

Rental 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%



21

Homeownership Underwriting Guidelines

- Letter of Interest (LOI) from a construction lender, if applicable;
- Demonstration that potential lenders exist for future homebuyers, by either Letter of Interest (LOI) from mortgage company or explanation of self-financing plan;
- Community Land Trust, condo land lease or applicable association to ensure permanent affordability is required.
- Projects with more than 4 units: Phase I study is required prior to loan closing.



22

Homeownership Underwriting Guidelines

- Application of prevailing wage requirements to the Project (BOLI), if applicable
- Documentation of land valuation that justifies LIFT investment, I.E. third party appraisal.
- Construction costs estimated based on thorough and defensible methods;



23

Homeownership Developer Fee/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



24

Other Homeownership 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**



25

Application Access



26

LIFT Wildfire NOFA and Application Documents

- LIFT NOFA (Rental & Homeownership)
- NOFA Pre-application and site review checklist
- NOFA Application



27

LIFT NOFAs

Where to get it:

Rental: <https://www.oregon.gov/ohcs/development/Pages/nofa22-local-innovation-and-fast-track-lift.aspx>

Homeownership:

<https://www.oregon.gov/ohcs/development/Pages/nofa22-lift-homeownership.aspx>

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



28

NOFA Pre-application and Site Review Checklist

Where to get them: download from same websites as NOFA documents.

What to do with them:

- Complete both documents
- Submit them together along with required attachments to the following email addresses:
 - Rental projects: MFNOFA@hcs.oregon.gov
 - Homeownership projects: HONOF@hcs.oregon.gov



29

How to access a Wildfire Pre-Application

NOFA: Local Innovation and Fast Track (LIFT) Rental, 2022

FUNDING OPPORTUNITIES	NOFA #2022-2: Local Innovation and Fast Track (LIFT) Rental Program	Contact information: MFNOFA@oregon.gov
HOUSING PRESERVATION	NOFA Status: OPEN	Website Questions: Susan E Bailey@oregon.gov
POLICY & PARTNER ENGAGEMENT	OHCS offers a multiple funding opportunity to develop affordable rental housing with: <ul style="list-style-type: none"> • LIFT Rental Loan • 4% Low Income Housing Tax Credits (LIHTC) • Oregon Affordable Housing Tax Credits (OAHTC) 	Get News and Updates Signup for our E-news!
PROGRAMS	NOFA Materials:	
PARTNER RESOURCES	Notices & FAQs +	
EDUCATION AND TRAINING	Training & Guidance +	
Technical Advisories	Application Materials x	
Consolidated Plan	Pre-Application 2022-2 LIFT Rental	
Affordable Rental Housing Staff Directory	Opening Date: February 4, 2022 Pre-Application Due Date: February 18, 2020 Pre-Application Due Time: Midnight Proposal Application Due Date: April 22, 2022 Proposal Application Due Time: 4:00 PM PST Project Site Review Checklist Application materials will be available during the open NOFA period.	

Step One – Download Pre-application from respective webpages under 'Application Materials'- Rental



30

How to access a Wildfire Pre-Application

NOFA: LIFT Homeownership, 2022

NOFA #2022-3: Local Innovation and Fast Track (LIFT) Homeownership
NOFA Status: OPEN

NOFA Materials

- Notices & FAQs
- Training & Guidance
- Application Materials
- Pre-Application 2022-3 LIFT Homeownership**

Opening Date: **February 4, 2022**

Pre-Application Due Date: **February 18, 2022**
Pre-Application Due Time: **4:00 PM PST**

Proposal Application Due Date: **April 22, 2022**
Proposal Application Due Time: **4:00 PM PST**

[Project Site Review Checklist](#)

Application materials will be available during the open NOFA period.

Step One – Download Pre-application from respective webpages under 'Application Materials'- Homeownership



31

How to indicate a Wildfire Direct Application

Project includes Culturally Specific Organization

Anticipated Funding Request

Maximum allowable LIFT request	-	Calculated based off of unit mix from Pr
LIFT		0% % below cap
4% LIHTC Annual Allocation		
Private Activity Bonds		
Wildfire LIFT/Gap		
QAHTC		

LIFT Subsidy per Unit

Project includes Culturally Specific Organization

Anticipated Funding Request

Maximum allowable LIFT request	\$ -	This calculation assumes that the value of the if not the case on this project see NOFA for LI
LIFT (Homeownership)		0% % below cap
Wildfire LIFT (Homeownership)		

Step Two A – On the preapplication's NOFA specific tab (NOFA #2022-2 LIFT Rental or NOFA #2022-3 LIFT Homeownership), find the **Anticipated Funding Request section** as indicated to the left. This is where the Wildfire funds are requested.



32

How to indicate a Wildfire Direct Application

Federally Declared Wildfire Disaster Area

Is your project in one of the eight counties that were a federally declared disaster area after the 2020 wildfires?

End of form

Step Two B – At the bottom of the tab, find the **Federally Declared Wildfire Disaster Area** section. Select 'True'.



33

Procorem Access

Upon receipt of NOFA Pre-application and Site Review Checklist for a Wildfire Direct Application, a Procorem workcenter will be set-up within **3 business days**.

- OHCS staff sets up a Procorem work center for each project and generates access credentials for Project Sponsors
- Once credentials are received by the Project Sponsor, the LIFT application can be downloaded from and uploaded to Procorem



34

Wildfire Direct 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.
- Mail a check for application charges to OHCS. **Application charges cannot be made through Procorem.**
- Applications will be reviewed on a as-received basis.



35

Application Review Process



36

Application Review Process

Funds are reserved by OHCS on a as-received basis to Projects of qualifying Applicants that:

1. Pass the Preliminary Review;
2. Meet the Threshold Requirements; and
3. Meet all OHCS programmatic underwriting and financial guidelines.



37

Evaluation Process

- Preliminary Review
- Threshold Requirements Review
- Programmatic Review



38

Preliminary Review

A. Complete NOFA Application, 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,
- ✓ Signed DEI form for Applicant/Co-Applicant.

B. NOFA Application Charge sheet with all applicable charges paid.



39

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 or sales dates prior to June of 2025.
 - Zoning form shows the site is properly zoned for intended project.
 - Applicant has site control at least through December 31, 2022.



40

Threshold Review-Financial Viability

- Financial Viability
 - Proforma includes realistic, available, and committed sources.
 - Nothing is listed as on-going Fundraising or as 'Capital Campaigns'
 - Sources and uses balance, with no gaps.
- Rental Only
- 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.
 - If no permanent debt, project **must** demonstrate positive cash flow through year 30.



41

Threshold Review-Wildfire Projects

Wildfire projects must also meet the following requirements to pass threshold review:

- Incorporate disaster resiliency in placement and construction of project
- Must prioritize households impact by wildfires
- Must provide an explanation of cost-cutting strategies for the project



42

Tips for Narrative Responses

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.



43

Awards & Reservation Letters

Recommendations will be forwarded to the Executive Director on an on-going basis, with approval by Housing Stability Council in accordance with the available funding sources. *Expected to take at least 6 weeks from submission of full application.*

Applicants will be notified in writing of OHCS' Notice of Intent to Issue a Reservation Letter.



44

Fund Availability Updates

Ongoing updates on funding levels availability

- A spreadsheet reflecting the current available balance in each set-aside will be posted weekly on the Funding Opportunities section of the OHCS webpage.
- If all wildfire funds are allocated before the reallocation dates in June or September, a Technical Advisory will be issued to inform stakeholders.



45

Questions?



46