

# NOFA #2023-3 LIFT & HDIP FAQs

Updated 2/24/23

This document is organized by funding category. We will continue to add new questions at the end of each category on a regular basis.

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### General Questions (not specific to one funding category)

**Q: Is there a fee associated with the pre-application?**

A: No

**Q: Are organizations with a fiscal sponsor eligible for this NOFA or do they have to have their 501c3 status? If they do have to have their status, when does it need to be secured?**

A: Applicants must have secured their 501(c)3 status prior to receiving a reservation of funding for the award (prior to June 2023). If the applicant is unsure of the timing of their 501(c)3 receipt, the fiscal sponsor can be listed as a co-applicant on the application.

**Q: Can the amount I request in my final application be different from the pre-application?**

A: Yes

**Q: I am submitting a Pre-Development & Capacity Building application as well as a LIFT application. Can I fill out the same narrative form for both?**

A: Please submit different narrative forms for each application type. This will make it easier for our reviewers.

**Q: When is the last date that OHCS will post FAQs?**

A: February 24<sup>th</sup>. If possible, please submit any final questions by 12pm that day so we can be sure to answer and post them with the FAQs.

**Q: How should I go about getting confirmation that my application was received?**

A: You can email us at [HO.Development@hcs.oregon.gov](mailto:HO.Development@hcs.oregon.gov). If you have questions about whether your documents were uploaded to Procorem, please specify that. Otherwise, if you email us, we will be confirming that we've received the narrative component of your application (via SmartSheet).

Development Projects (LIFT, Development Subsidies, Tribal Homeownership Development)

**Q: Please confirm that visitability requirements per ORS 456.510 and 456.513 do not apply to homeownership projects funded by OHCS, which I see noted in Rule 813-310-0010.**

A: Correct. Visitability requirements do not apply to homeownership projects. In the narrative section of the application, there is a question about universal accessibility and visitability features incorporated in the project design, but including these features is not a requirement.

**Q: If I catch any errors in the excel workbook should I let you know?**

A: Yes, please report any errors to us so we can update the workbook as soon as possible. Once updated, we will post the revised workbook to the NOFA website and to individual Procorem WorkCenters. If you have already started filling out the excel workbook and the changes will cause you a major setback in your application, please contact [HO.Development@hcs.oregon.gov](mailto:HO.Development@hcs.oregon.gov) and we may be able to fix your individual workbook so you don't have to start over.

**Q: Would it be possible for recipients awarded LIFT funding in 2021 and/or 2022 to apply for LIFT supplemental grants under HDIP?**

A: No. The Supplemental LIFT funds cannot be used for projects that already received a reservation of funds.

**Q: What if my FEMA map shows that my project site is located in a flood plain?**

A: If your site is located in a floodplain, your application must address how the project will mitigate flooding risk as well as include the costs of flood mitigation within the pro forma.

**Q: What date is the pre-application due?**

A: January 17<sup>th</sup> by 5pm.

**Q: Will there be a LIFT Rental NOFA released separately?**

A: Yes

**Q: Can you detail how you would showcase the increase in infrastructure/site work, in regards to “the value of the land plus infrastructure/site work (excluding housing structures), verified through an as-built appraisal, assessed value, or real market value.” Is it just in the budget or do you want the appraiser to show it?**

A: We would need some type of evidence. If an appraisal is not available in time for the Application due date, Applicants may submit the real market value or assessed value of the land. An Applicant may request a LIFT loan amount 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).

**Q: Given that LIFT funds will be loaned to qualifying Applicants that possess an undivided fee simple interest in the land upon which the Project will be constructed, does that mean the project cannot use a condo plat?**

LIFT can be used on a condo plat. To make this work, the LLC/LP must be the recipient of the loan funds, not the nonprofit.

**Q: Can LIFT or Development Subsidy funds be used for costs incurred before closing?**

A: Yes, we will allow for costs incurred up to a year before the NOFA posting date. We will update the NOFA to reflect this.

**Q: Can you define "entity" as it applies to number of applications? For example, as a developer if I have partnerships with two different partners, would the different LLCs be considered separate entities in that each gets 3 applications?**

A: The "entity" is the sponsor of the application. If one sponsor owns multiple LLCs, the sponsor would still be limited to three applications.

**Q: Does LIFT require the use of Oregon Residential Bond Loan as the homeowner's mortgage? In this situation, what mortgage lending would the state recommend?**

Homebuyers are not required to use Oregon Bond for their mortgage on a LIFT subsidized home. Many do use Oregon Bond since the product is able to comply with LIFT requirements that the state has a first lien on the land. Past LIFT awardees have found other products that work for LIFT homebuyers, including portfolio loans/products. OHCS suggests reaching out to other LIFT awardees for product/lender recommendations.

**Q: On the Sources and Financial Assumptions sheet, under Unit Characteristics, row 40: the total expected sales revenue should reflect the sales price less the expected subsidy, or \$210,000. Please clarify how the subsidy is/is not included in generating revenue.**

A: The expected sales price (column M) should reflect the amount that the buyer pays for the home using whatever sources they have. This is the amount that the developer would receive for the home. We multiply M by # of units (column G) to get the total revenue amount. The subsidy in the home amount (column N) is not included in the calculation of column O. Note that one of the examples we gave in O40 doesn't calculate correctly so is not a good reference for this column.

**Q: How should I be calculating the LIFT Supplemental grant amount?**

A: Here is an example of how to calculate what your project would qualify for in LIFT supplemental grants:

Total project cost per unit	\$350,000
Land Appraisal (LIFT qualifying amount)	\$135,000
Differential	\$215,000
Home Sales Price	\$180,000
Differential	\$35,000
90%	\$31,500
Multiplied by the number of units (12)	\$378,000

(this assumes the same per unit sales price)	
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In this example, the project would qualify for \$378,000 in Supplemental LIFT grant funds.

**Q: Will the Development Subsidies be in the form of a secondary lien on the property or is it a grant to the applicant?**

A: The Development Subsidies are offered as a grant to nonprofit applicants and a construction loan for for-profit applicants.

**Q: Is a Phase 1 study required at application?**

A: No. For projects that are more than 4 units, a Phase I study is required prior to closing (this comes after receiving a reservation of funds). 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. We will request this opt-out form prior to closing. If the project is a scattered site project, it must conduct a Phase I study, no matter the number of units.

**Q: Can I apply for LIFT and Development Subsidies for the same project?**

A: LIFT qualifying projects are typically not eligible for Development Subsidies and Development Subsidy projects are typically not eligible for LIFT funding. If your project includes both shared equity and fee simple units, we will consider allowing both sources of funds within one application.

**Q: What is meant by the following question: “Provide a justification for your building type and site selection. Why is the selected building type the most comparable to the proposed project?”**

A: A better choice of words here would be: “Why is the selected building type the most *compatible with* the proposed project?” Please use this question to explain why you choose the site, design, and building materials for the project.

**Q: In regards to the Development Subsidies, is there a limitation that only horizontal construction can happen before the award date?**

A: Site work and predevelopment work- including foundations- can be done at the applicant’s own risk prior to the award date. Once receiving a reservation of funds, projects can begin vertical construction at their own risk prior to signing a grant/loan agreement.

**Q: Can I apply for funding for a LIFT project that has already received a LIFT reservation?**

A: No. These funds are not eligible for projects that have already received LIFT funding. Please reach out to your Homeownership Development Officer to discuss any challenges that may hinder the completion of your project.

**Q: If we have a funding source that is not fully committed but is in the works, can it count toward our capital stack? In the past, we have included uncommitted funds and our application was denied because we were not considered to have sufficient funding.**

A: In the past inclusion of resources that were "unrealistic or unavailable" resulted in a failed application. In this application, we are allowing applicants to include highly likely sources. Including a

highly likely source will not result in a failed application. For sources that aren't yet committed, we will require them to be committed before closing. You can comment on the likelihood of these funds in the workbook itself and/or in the narrative section under the following question:

*Discuss any funding sources not currently committed to the project. At what point in development will these sources be available? Capital fundraising campaigns that have not yet been completed will not be considered as available resources. Additionally, describe any internal financial investment or contribution available to the project, such as land donation, pre-development resources, existing reserves, etc. Please keep your response to 500 words or less. (Up to 2 points)*

**Q: Are you requiring the zoning form from prior years?**

A: No. The applicant can attest that they that the property has proper zoning (or that it has been requested) in the Project Information tab of the excel workbook and submit any proof of zoning if need be.

**Q: How old can my Phase 1 report be?**

A: A Phase I report, no older than 12 months prior to the NOFA due date and conducted in accordance with ASTM E.1527-13, will be required as a reservation condition if the project is selected for funding. It is not required at application. Additionally, on the Project Site Review Checklist, item 14 previously listed that Phase 1 the limit was 6 months. We have updated the Project Site Review Checklist and uploaded it to the NOFA page with the correction, but Applicants do not need to redo their checklist if they have already started filling it out.

**Q: Can zoning change requests be submitted after reservation letter is received?**

A: Zoning changes must be in place or a zoning change request must be in progress by the time the application is submitted.

**Q: Do I need to submit a BOLI prevailing wage determination at application?**

A: No, this can be submitted after receiving a funding reservation.

**Q: On the project site review checklist, are distances to each infrastructure/ amenity in the table to be measured as linear distance or route?**

A: Please measure those in terms of route, meaning driving or walking distance to the amenity.

**Q: On the Project Uses tab in the excel workbook, do I need to list my Developer Fee amount twice (in rows 122 and 180/181)?**

A: Yes. Please list it both times. This may seem like double counting, but it is being subtracted out as part of the project uses, and then added back in to calculate as part of the profit. If your organization is also its own general contractor, please add the general contractor fee into cell 180/181D as well.

**Q: Where do I find information about AMI levels by location?**

A: Fannie Mae has an interactive map on it's website here: <https://ami-lookup-tool.fanniemae.com/amilookuptool/>

**Q: When is the application charge due and how do I submit it?**

A: The application charge should be postmarked by the full application due date. You can use the form entitled “Charge Transmittal for NOFA 2023-3” to submit the application charge. Please upload a copy of the filled out form to your Procorem WorkCenter as well, along with a copy of the check.

**Q: What do you mean by Option/Contract executed on the Development Schedule tab?**

A: The expected date that the purchase and sales agreement is/was in place.

**Q: What should go in column C versus D in the Development Schedule tab?**

You can think of column C as the start date and column D as the estimated completion date. Or, if you have a range of dates on which you expect that activity to occur you can use C & D to show the range. If there is only one firm date, just enter it into column D and leave C blank.

**Q: The NOFA says that no more than 20% of HDIP general funds will be allotted to any one entity. Is this also true for LIFT?**

A: There is no specified limit for LIFT.

**Q: What if some of the project details listed in the Project Information tab and listed under Site Plan requirement don't apply to my project?**

A: On the project information tab, if some of the details don't apply to your project (for instance: “Common Kitchen”), you can leave those cells blank. Same for the Preliminary Site Plan. For instance, if your site plan does not include a fence, you do not need to include that as part of your site plan.

**Q: I am confused about Column N in the Sources & Financial Assumptions tab under “Unit Characteristics” and row 126 on the Project Uses tab. What should I be putting here?**

A: We were trying to get a better picture of how you are accounting for different types of subsidies in the homes you are building. However, if these cells don't help you tell the story of how you are financing your project and cause confusion and/or will mess up the balance of your pro forma, please leave them blank.

**Q: There are costs that I typically include as hard or soft costs that fall in a different category on the Project Uses tab. This makes it hard for me to show what I'm calculating into my hard/soft cost contingencies. How should I address this so that my contingency doesn't seem above the threshold?**

A: Please include anything that you are categorizing under hard or soft costs that isn't listed in the Pre-Development & Soft Costs or Hard/Construction Costs categories in the other below the respective category. For instance, if you are including “Contractor General Condition” or “Contractor Overhead” as part of your hard costs, list them as part of the “other” section under “Hard/Construction Costs” rather than in the Project Administration section. If you are including some of your Project Administration costs in the soft contingency, list those in the “other” categories under the Pre-Development & Soft Costs section. This will help the reviewers understand how you are calculating your contingencies and escalation.

**Q: My project is a scattered site project. Do I need to fill out a separate Project Site Review Checklist for each site?**

A: Yes. Please name each Project Site Review Checklist so we know which site it's referring to.

**Q: Are you able to provide guidance on the Robert Snow (RS) Means?**

A: RS Means is a proprietary data set that OHCS purchases each year. The data is programmed into the application on the backend (so you shouldn't need to access it to fill out the app). The cost containment tab compares the hard costs entered into the Project Uses with the RS means data. It's somewhat of a crude, but "objective" way of trying to quantify cost containment. That said, it's a small component of the scoring, and we would not want cost containment to come at odds with building quality homes.

**Q: Can you confirm that you are not expecting the "Total Project Sources" shown in tab H33 to equal the project costs because it includes the construction loan amount (a bridge source, not a permanent one)?**

A: Total project sources can be greater than total uses if the sources include financing that is repaid upon sale of the homes. Cell D178 in the Project Uses tab pulls loan payoffs from the Sources tab and should bring the sources and uses in balance.

**Q: Can LIFT funds be used to cover land acquisition costs?**

A: Yes

**Q: My site plan won't be in final draft by the application deadline. Is that ok?**

A: We would like to see as close to a final site plan as possible. This will help ensure that your project meets the readiness to proceed requirements and ensure that your budget accurately reflects project costs.

## Set-Aside Grants for Federally Recognized Tribes

### **Q: Do Tribal Homeownership Development Projects need to pay the monitoring fee?**

A: No. The monitoring fee is meant to ensure compliance with the affordability period. Since there is no required affordability period for Tribal Homeowner Development Projects, OHCS will not monitor the project on an ongoing basis. This has been removed from the NOFA.

### **Q: I am interested in applying to acquire existing homes that can be resold to Tribal members. Is this an allowable use of the Tribal Grant funds?**

A: Yes. If this is not a construction project, please fill out the “Other Tribal Homeownership Activities” application.

### **Q: Do we have to submit a tribal government resolution showing we have permission to apply for the grant?**

A: If you are required to get a tribal government resolution, please submit it with your application. If you are not required by your tribal council to get a resolution, then you do not have to submit one.

### **Q: If I am not applying for a development/construction project what do I need to submit to Procorem?**

A: In addition to submitting the narrative responses to Application Questions via the [SmartSheet link](#), you will need to upload to your Procorem WorkCenter:

- Two years of audited financial statements (or an eligible equivalent)
- A program/project budget
- Any other supporting documents (optional)

### **Q: For the 15 year affordability term for the HDIP subsidy, if a homeowner sells within the first 15 years, is it acceptable for our organization to buy back the home and sell it to a vetted low-income homebuyer that is in our pipeline? Or is the only acceptable method of a future sale to be directly between low-income households?**

A: It is totally acceptable for your organization to buy back the home and resell it to an income eligible buyer. We are looking to learn innovative strategies for enforcing a 15-year affordability period from grantees.



## Pre-Development and Capacity Building Grants

**Q: Can the Pre-Development and Capacity Building grants be used to contract grant writing services for this application?**

A: No. Pre-Development and Capacity Building grant funds are only reimbursable for goods and services received during the grant period.

**Q: Can the Pre-development and Capacity Building grants be used as additional funding for a development project that I am applying for this cycle?**

A: It depends. The Pre-development and Capacity Building grants are meant to support small and emerging developers prepare to get a development project off the ground and apply for OHCS homeownership development project funding in the future. The grants are also meant to support projects seeking to better center and outreach to the communities they are seeking to serve, particularly communities of color. Please pay attention to these specific priorities as well as the eligible uses of funds listed within the NOFA.

**Q: On page 31 eligible activities are described for the Pre-Development and Capacity Building Grants. Are salaries (or a portion of salaries) for bringing a part-time person to full-time or hiring a new staff person for this project eligible? Or are they limited to training existing staff?**

A: Please refer back to the goals and priorities of the funds. If hiring staff can help accomplish those goals and aligns with the fund priorities, please include a justification for how it does so in your narrative response.

**Q: Can an applicant include a contractual grant writing fee (for application development/assistance) as a line item in the pro forma budget for this project?**

A: As long as that good/service will be received within the grant period, and it directly relates back to the priorities and goals of the funds (see pg 31 in the NOFA and the relevant question below), that expense would be eligible. And, for the Pre-development and Capacity Building grants, just a project budget, not a pro forma, is needed.

**Q: Is the size of the grant request under the Pre-development & Capacity Building Grant program a factor in the decision of whether or not to award a grant? For example, is a \$75,000 request more likely to be awarded than a \$150,000 request?**

A: The size of the request will not factor into the rating of the application. However, OHCS reserves the right to fund less than the applicant applied for. There is an application question (with no scoring points attached) addressing this situation to gain insight into how the applicant may modify their project (if at all) if they receive less than expected.

**Q: Does OHCS have a budget or template form you want applicants to use for the Project Budget being requested for the Pre-development and Capacity Building Grants? If not, should the budget we design include both Sources and Uses in such a Budget?**

We do not have a specific budget template. Applicants can submit their budget using any format, but the budget should include sources and uses (or income/revenue and expenses).

**Q: Will we be disqualified if all other funding for the project is not yet committed?**

A: No, your application will not be disqualified if those sources haven't been formally reserved. You can list likely sources in your budget and use the narrative to explain the status of your funding.

**Q: Other than the narrative for pre-development grants, what else is required?**

A: A project/program budget and two recent financial audits are required.

**Q: Can you please clarify the definition of an emerging developer for the Homeownership Development Incubator Program NOFA?**

A: An organization qualifies as an emerging developer if it has developed five or less homes for purchase.

**Q: My organization is not required to conduct a third-party audit. Can OHCS accept any other type of documentation of management of funds?**

A: Yes, please specify why your organization is exempt from the audit requirement in the last question of the narrative form. The applicant can submit end-of-the-year financial statements or 990s from the last two years in lieu of the audits.

**Q: If an organization is not yet a 501c3 nonprofit (but will be before closing on funding) and has not been in existence for 2 years, do we submit financial audits/ statements from their fiscal sponsor?**

A: Yes

**Q: Can I submit supporting documents along with my application? For example, a second budget or partnership agreement?**

A: Yes! Anything that helps the reviewers better understand your project is helpful!

**Q: If my project budget shows that there is a deficit, but we explain our plan for continuing to fundraise, will the project be disqualified?**

A: No. Please use the narrative to explain your plan for funding the project. In the narrative you can also explain how the scope of your project may change if not fully funded.

**Q: The last narrative question asks: "Explain how the need for the project was informed by the community the project will serve. Describe the expected impact the project will have on that community and how the project will contribute to a long-term goal of eliminating the racial homeownership gap in Oregon. Be sure to describe any measurable expected outcomes." How should we go about answering this question given that I live in a rural county where the population is not very diverse?**

A: In this question, we'd like to hear about how you have engaged the community, particularly those that are underrepresented as homeowners in Oregon, to inform and shape the scope and expected outcomes of the project. We would also like to know how this project will support (in the short or long term) those that are underrepresented as homeowners in your community in becoming homeowners. We know that BIPOC households have low homeownership rates across the state compared to white households. While every community has a different demographic makeup, this question provides an

opportunity to acknowledge diversity within your community and show how your project can play a role in addressing the racial homeownership gap.

**Q: For the timeline question, when should we expect to get awards? (Our timeline will be based on that.)**

A: You can expect to hear from us by June 2023.

**Q: Should the funds for this project be spent by June 2026?**

A: Yes

**Q: For the last narrative question, can we have a 500 word max rather than 300 words?**

A: Yes. We have updated the word count in the form to reflect this change.

**Q: Can you clarify everything that is needed to submit a complete Pre-development & Capacity Building application?**

A: In addition to submitting the narrative responses to Application Questions via the [SmartSheet link](#), you will need to upload to your Procorem WorkCenter:

- Two years of audited financial statements (or an eligible equivalent)
- A program/project budget
- Any other supporting documents (optional)

**Q: In terms of the scope of what to include in our budget proposal, should this include a) just the expenses that will be covered by the funding being requested, b) all anticipated pre-development expenses for the project, or c) a very rough budget for the entire housing development project?**

A: Option B would be most helpful. We'd like to get a picture of the total project costs for the specific project that you plan to complete within the grant period, and how the OHCS funding fits within that.