

# **Instructions for Completing the 2010 CFC Application**

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## INTRODUCTION

This Instructions Section is intended to be used as a guide as you work through the application. In developing this Section, OHCS took care to include information which should help the applicant avoid common mistakes made in past CFC rounds.

The Instructions Section has specific instructions for completion of the tables, forms and questions contained in each section of the application. We encourage you to read the instructions for each section before you complete that section's materials. Refer back to the Instructions Section at any time.

Some parts of the application don't have specific instructions. These parts are considered to be self-explanatory. Even though no instructions are provided, you are expected to complete and submit the information requested if it applies to your project.

It's imperative that the applicant also read the Application Overview section to obtain background information about the requirements of the application. Those details are not contained in the Instructions Section.

If a page of the application section does not apply to your project, note "N/A" on the page and include it with your application. However, if a whole funding program section does not apply, do not include the section.

## **INSTRUCTIONS FOR COMPLETING THE APPLICATION**

Regarding Attachments: The Consolidated Funding Cycle application has been designed to provide the reviewer with needed information while limiting the amount of narrative responses and supportive materials the applicant must submit. Please restrict the number of attachments to those specifically required and answer all questions completely and succinctly.

### **PART 1: SUBMITTAL DOCUMENTS**

#### **AUTHORIZATION AND ACCEPTANCE FORM**

The Authorization and Acceptance Form must be included in all submitted applications. Have the Form signed by the person(s) who has/have authority over the terms written on the Authorization and Acceptance Form, and by the sponsor entity's owner or board chair, if applicable.

#### **BOARD OF DIRECTORS RESOLUTION**

If the applicant is a non-profit entity which has a Board of Directors resolution requirement, submit a copy of the Resolution pertaining to the acceptance of the responsibility of this application. A sample format is provided. Your Board may use any format, but the information indicated on the sample should be included.

#### **APPLICATION SUBMITTAL CHECKLIST**

The Application Submittal Checklist should be your guide to determine what documents must be submitted and what their order in the application should be. Submit the completed Application Submittal Checklist with the application. The application pages must be submitted in the order of the Application Submittal Checklist. All pages in the application should be numbered and the page numbers noted on the Checklist where indicated.

Checkboxes are provided for the applicant to use, if they wish, to show which items have been completed and included.

#### **APPLICATION AND CHARGE TRANSMITTAL**

Carefully complete the charge calculations on the Charge Transmittal and **attach your check** to the Transmittal page. Payments are non-refundable.

### **PART 2: THRESHOLD**

#### **ZONING**

All applications must include a zoning certification form, even if the project is solely acquisition or rehabilitation. OHCS has designed a Zoning Certification Form to be used to document the zoning status of the property. **Zoning approval in any other format will not be accepted.** The Zoning Certificate must be signed by the applicable City or County staff responsible for determination of issues related to comprehensive planning and zoning. If the certification is missing, incomplete or inappropriately signed, the application will not meet Threshold criteria. A common mistake is to submit an excerpt from the zoning code as confirmation. This is not acceptable as zoning confirmation and will not be reviewed.

- **Projects requiring zone changes or annexations will not meet threshold.**
- The original of the Certificate must be placed in the original application.

## **VERIFICATION OF SITE CONTROL**

Complete the table and attach evidence of site control. The Application Overview section contains a discussion of acceptable site control verification. If you don't yet own the property, be sure to submit all extension documents, amendments and/or addendums to your original documents.

Under certain limited circumstances, site control exceptions may be reviewed by OHCS Administration in advance of application submission. A request for approval of any exception must be channeled through your RAD and delivered to the Housing Division Administrator no later than two weeks prior to application deadline. Should the exception be allowed, an approval letter will be forwarded to the applicant for inclusion in this section of the application.

## **OHCS ENVIRONMENTAL REVIEW CHECKLIST**

You must complete the OHCS Environmental Review Checklist, regardless of funding source requested. If an application involves more than one land parcel, a Review Checklist for each parcel must be included in the application.

Project sponsors must complete the Environmental Review Checklist prior to their RAD's site visit. The RAD will review information on the checklist during the site review. The Environmental Review Checklist must be signed by both the applicant and the RAD, or the Checklist will be considered incomplete and will not meet Threshold requirements.

Applicants must contact their RAD to set an appointment for a site visit. The deadline for scheduling the site visit is published in the Application Overview section. If the RAD is not contacted prior to the stated deadline, the RAD has no obligation to view the project site and sign the Review Checklist.

The Vicinity Map will be used for both the environmental and architectural reviews. It must have the scale included. The site location must be marked, as well as a number of amenities and natural locales. See the SITE/AREA MAPS portion of the Environmental Review Checklist for details.

If an environmental Phase 1, engineering, soils or other study has been completed, you may submit the summary pages. Do not submit the whole report. This is not a Threshold requirement.

## **ARCHITECTURAL THRESHOLD**

Use one to three sentences to describe the overall characteristics of the project and the intended population. Do not include all elements of the project. This description is not scored, but should provide information for the reviewer. Examples of optimum responses are:

- This is a 56 unit project in 7 buildings on a suburban site with a separate community building in an established residential neighborhood.
- Major elements of the proposed rehabilitation include site improvements; new roof, windows and siding; interior cabinet and flooring replacement.

## **VISITABILITY EXEMPTION REQUEST**

This form is available for use if the proposed project design cannot meet the department's visitability requirements, as discussed in the Architectural Standards and Product Replacement section of the Application Overview. If used, the Visitability Exemption Request must be completed and included in the Threshold Section of the application, in the order indicated on the Application Submittal Checklist.

## **REQUEST FOR EXEMPTION FROM MINIMUM OR MAXIMUM UNIT FLOOR AREA REQUIREMENTS OR SINGLE-LEVEL TWO BEDROOM/TWO BATH DESIGNS**

This form is available for use if the proposed project design includes unit sizes that are outside the parameters of the department's required minimum or maximum unit floor area, as stated in the Architectural Standards and Product Replacement section of the Application Overview, or if the proposed design offers single-level two bedroom units with more than one bath. If used, the Exemption Request must be completed and included in the Threshold Section of the application, in the order indicated on the Application Submittal Checklist.

### **ARCHITECTURAL SUBMISSIONS**

Only the architectural plans and materials specifically listed on the Submittal Checklist are to be submitted with the application. There is no benefit to submitting additional plans; anything in addition to the required documents will not be reviewed. If context photos are submitted, their location pursuant to the property site must be indicated on the Vicinity Map.

If photocopying photos for the application, include the original photos in the original application and copied photos in the application copies.

## **PART 3: APPLICANT AND PROJECT INFORMATION**

Applicant and project information data presented in this section is used to determine if the project's attributes meet programmatic criteria of the requested funding program(s). Additionally, information provided in the application will be entered into the department's database and used for future benchmark reports. It is very important that this information is complete and accurate.

### **APPLICANT DATA**

Provide all organizational information that is applicable to your project. Be sure to include the contact person's name, direct phone number and direct e-mail address. Do not attach other material about the business entity, such as resumes or organizational charts.

### **DEVELOPMENT TEAM INFORMATION**

Provide all information that is currently known about the development team. Be sure to include the company name, the contact person's name, direct phone number and direct e-mail address. Do not attach other material about the business entities, such as resumes or organizational charts.

Describe any specific identity of interest. Identity of interest is defined as a financial, familial or business relationship that permits less than arm's length transactions. It includes, but is not limited to, the existence of a reimbursement program or exchange of funds, common financial interests, common officers, directors or stockholders or family relationship between officers, directors or stockholders.

### **PROJECT DATA**

Provide all the information requested for your proposed project.

### **OHCS-BASED FUNDING REQUESTS**

List all OHCS resources requested for this project. As you complete the application, verify that the funds requested in the Project Data section are identically represented throughout the application.

## OHCS SET-ASIDES

For your project to qualify for the 50% OHCS set-aside of funds, your project must partially or completely target preservation projects. Indicate on the application if you will be applying for preservation as defined in the Application Overview section. Carefully read under either the “Resources Available and Allocation of Funds” or “OHCS Performance Measurements and Preferences” headings in the “Application Overview” section about the set-aside criteria before marking one of these boxes.

## DESIGNATION OF BETC CREDIT

If you check that you are pursuing BETC credits, you must show the anticipated amount of those credits as a funding source on the Sources pro forma.

## PROJECT TYPE

Check all the boxes that apply to your proposed project.

## TARGET POPULATION

List the main population(s) for which units will be specifically targeted, which includes holding open vacant units for this population until an eligible household is found.

Indicate the number of units per population type that will be specifically targeted for that population.

Indicate the number of units which will meet the listed criteria. You may count more than one criteria per unit.

## UNIT TYPE AND FUNDING PROGRAM DESIGNATION

Complete the table, listing the unit type (SRO, studio, one bedroom, etc.), the total number of each unit type, number of the units designated as funded with HOME, LIHTC, Trust Fund, GHAP, etc., square footage of units *and total square footage for each unit type*. Use the method described in the Architectural Standards and Product Replacement section of the application to calculate the floor area for each type of unit.

The number of various Program units may exceed the Total Number of Units. However, indicate only the number of units which you agree to restrict to the income and rent structure of the specific funding program. The department assumes that the number of units you indicate per funding source is the number you want incorporated into the restrictive use agreements for the funding sources listed.

## RENT TABLE

Indicate the **proposed** income and rental limitations of the units. Assume all funding source restrictions when completing. Before rounding up, rents must correspond with the Income page of the Operating Budget. (If requesting OAHTC, rents must correspond with the Income With OAHTC page.) Round up to the nearest 10%, i.e.: a 47% rental charge on the Income page of the Operating Budget would be listed as 50% in this table.

If the income limitation percentage of the household residing in the unit is not equal to the proposed rent percentage, then provide an explanation. As an example: if the rent limitation is 40% of area median income and the household income will be 30% or less of area median income or in the reverse, the rent limitation is 50% AMI and the household income is 60% or less. A question is provided for this purpose. If the proposed rents and household income are the same percentage, you may skip responding to this question.

## SITE AND BUILDING INFORMATION

Use this section to provide the reviewer with a picture of the physical project: building design, construction method, unit amenities, etc. Check all the boxes that apply to your project and provide the information requested.

Under “Building Type” and “Building Construction Characteristics”, indicate the number of buildings in the project which contain the design feature listed. Buildings can be double-counted and are not expected to equal the total number of buildings in the project.

Under “Planned Project Elements to be Incorporated”, put an “X” in each box for which the indicated feature is a component of your project. Do not type the number of times the item is included in the project; however, the number of parking spaces is requested information.

## **PART 4: NARRATIVE QUESTION**

The applicant has one narrative question to complete in this section. The response to this question should tell the OHCS reviewers what’s important about the project and help the reviewers understand the dynamics of the project as they work their way through the application. The writer should take this time to provide or clarify information that isn’t apparent or obvious in the other sections of the application and explain to the reviewer why the project should be funded. Don’t assume the reviewers know anything about your project or your organization.

The application criteria for the narrative question are very strict. You must use 11 or 12 point type. You must maintain no less than a one-inch margin for top, bottom and sides of paper. The maximum length of the response is three pages. All description in excess of three pages will not be read.

## **PART 5: SELF-SCORED SECTION**

The Excel Workbook must be used for this section and the section must be completed on the computer. It cannot be printed and completed by hand. Points should be entered only into the colored cells on the right-hand column of each question. As questions are answered and points are input into the spreadsheet, the Excel program will tally the final score.

Certain questions require the submission of specific documentation. During the CFC application review period, OHCS will review the verification documents to confirm eligibility for the points claimed. Refer to the Application Submittal Checklist to make sure you attach all required materials.

To assist in completing the workbook, requirements of each question are provided below.

### **RENTER PREFERENCE**

This is an all-or-nothing question. If the project owner and/or management agent agrees to rent to tenants whose net household income is two times or less the net rent, the applicant can claim 8 points. If that will not be the rental policy, the applicant must claim 0 points.

### **NEED FOR PROJECT**

To determine the priority level for the population you intend to serve, you will need to review the information on the Priorities Assignments page. The Priorities Assignments page will be updated in early March. Sponsors are encouraged to check for updates before submission of the application. This is located on a tab in the Excel Workbook and can also be found on the department’s web site: [www.ohcs.oregon.gov/OHCS/RA\\_Needs\\_Analysis.shtml](http://www.ohcs.oregon.gov/OHCS/RA_Needs_Analysis.shtml).

Applicant must complete the “Needs” Scoring Worksheet. Applicant must use the Priority Assignments matrix to complete the Worksheet. The “Needs” Scoring Worksheet contains three

tables. If the project will target units to a population shown on the Priority Assignments matrix to be a Priority 1 population, the applicant will list the information on the first table – the Priority 1 table. If there will be more than one Priority 1 population in the project, each population must be listed separately. The applicant must list the county in which the project will be developed, the target population, and the number of units which will house the target population. Do not double count.

The second table is for listing Priority 2 populations, as identified on the department’s web site. The third table is for listing Priority 3 populations.

It’s possible that an applicant’s project could serve populations from two or all three, of the Priority tables. The applicant needs to be very careful to enter the population information on the correct Priority table. Once that is completed, the applicant must enter the total units in the project in the cell at the bottom of the tables. The Workbook will add the number of units entered for each of the populations and place that number in the next cell at the bottom of the page. The difference between those two cells must be “0”. If it is any other value, the applicant has made an error inputting the number of units. The applicant must find and correct his/her error before returning to the Self-Scored Section.

The data from the “Needs” Scoring Worksheet will transfer to the Need for Project question of the Self-Scored Section. The maximum score for this question is 37 points. If all of the project’s units are in a Priority 1 category, the question will receive 37 points. If all of the units are in a Priority 2 category, the question will receive 27 points. Priority 3 category earns 17 points. If units are divided between two or three of the categories, the spreadsheet will weight the information and calculate a point score based upon the number of units in each Priority category. DO NOT make changes to the points awarded by the Excel program.

### **GREEN BUILDING**

The Green Building Worksheet must be completed before this question can be answered. Before choosing a Green Building program, carefully read the Green Building discussion in the Architectural Standards section. Follow the directions at the top of the Green Building Worksheet of your chosen program to determine if your project qualifies for 10 or 0 points. Transfer that score to the Self-Scored spreadsheet. If using one of the OHCS program formats, you must submit both the Green Building Worksheet and the OHCS Path Worksheet in the application.

### **CONSTRUCTION COST DETERMINATION**

This question has been divided into three groups, depending if the project is new construction, rehabilitation or a combination of both new construction and rehabilitation. (For the purpose of this question, rehabilitation projects also include acquisition/rehabilitation projects.) A maximum of 30 points is possible for this category. The applicant must first identify which of the three groups matches the proposed project. Once that has been determined, the applicant will respond for only that part of the question.

The purpose of the Construction Cost Determination questions is to identify how stable and well-researched are the applicant’s construction cost estimates. The applicant must decide which statement within the applicable part best matches the method in which the project’s construction or rehabilitation costs were determined. All the items and activities indicated in the question must have been completed to be able to claim that score. Once determined, the applicant enters the appropriate score in the colored cell to the right of the statement.

For example: for new construction, if the construction costs were developed with the assistance of a contractor and based on ALL the items and activities indicated in the first statement of that



part, the project would score 30 points. Costs must be estimated as individual line items to receive the top points. Lump sum estimates do not qualify.

Note in the third group (new construction and rehabilitation together), the points available is split to allow for the Rehabilitation answer to be different than the New Construction answer.

Example: for the new construction part of your project, if you have itemized cost estimates from a contractor, your score is 15 points. But if for the rehabilitation portion of your project, your cost estimates are based on a general description of the renovations proposed, that score is 5 points. Your total score for the Construction Cost Determination question is 20 points. The Excel program will generate that total for you.

Estimations of costs should be current. Estimates developed for prior CFC rounds can be submitted if the documentation clearly shows that the original costs have been updated and states the method used for determining the changes.

### **COMMUNITY AND GOVERNMENTAL SUPPORT**

This is a two-part question. Five points are possible if the application has received support letters from governmental offices, and 5 points are possible for support letters from the community.

To qualify for the governmental five points, the application must include at least two governmental letters. Only one letter can be from a federal office. If two letters cannot be produced, the project will receive 0 points for governmental support. Please submit no more than five letters in total.

To qualify for the community five points, the application must include at least two letters from any of the following: local branches of community agencies (not local branches of state or federal agencies), local service groups, churches, neighborhood associations, neighbors of the site, or any other local community entity. If two letters cannot be produced, the project will receive 0 points for community support. Please submit no more than five letters in total.

NOTE: Letters must be in support of the project sponsor or owner. Any letters solely in support of a potentially involved party, i.e. proposed service provider or management agent, will not qualify to earn points.

Letters from community action agencies may count as either a governmental or community letter. However, one letter from the CAA cannot be used to satisfy both categories. The applicant will need to choose one category (government or community) for which the letter will apply.

Form letters are discouraged.

### **NON-OHCS SOURCES**

Projects which have committed outside sources at the time of CFC application will receive up to 5 points. Some examples of acceptable sources are: HOME funding from another jurisdiction, Rural Development or HUD funding, foundation grants or loans, present value of donated land, property tax credits, historic tax credits, business energy tax credits, or grants from other local or state agencies.



Project based rental assistance or operating subsidy is also eligible, and commitment of resources may be provided after funding reservation.

Sources which are not to be included are: pre-development, construction, bridge loans, permanent financing unless an exception has been approved by the RAD, LIHTC equity investment, or loans from any party related to the project. A cash contribution by the project

sponsor is acceptable if it is a permanent source to the project and no repayment to the sponsor or other party is due or expected.

To claim points, the source must be committed and the applicant must submit a copy of the commitment or award letter with the application.

A calculator has been inserted in the Self-Scored spreadsheet to help the applicant identify if their non-OHCS funding qualifies the project for points.

### **REQUEST FOR REASSIGNMENT OF TARGET POPULATION PRIORITY**

A population not on the department's high-needs matrix may be a priority for a specific community or sponsor. In this situation, the applicant has the opportunity to use the Request for Reassignment of Target Population Priority form to explain why the specific population should be considered a Priority population and to request approval to receive points accordingly.

Requests for reassignment are based on current '**needs**' data or **policy**, which must be referenced on the form for the department's review. Changes in priority requested to benefit a community's planning decisions may only be granted when sufficient '**needs**' or **policy** data is provided to substantiate the request.

The form must be completed and channeled through the RAD to the department's Research and Analysis Section at least one month before CFC applications are due. Within two weeks, the request will be reviewed, decided, and returned to the applicant. The original approved form must be included in the Self-Scored section of the application. The form can be found on the department's web site under the CFC Application, Needs Analysis and Priority Levels section and in Part 5, Self Scored section of the CFC Application.

## **PART 6: RESIDENT SERVICES**

### **RESIDENT SERVICES DESCRIPTION**

The applicant must complete the Resident Services Description question and table. Be sure to read the discussion on Resident Services in the Application Overview section.

## **PART 7: MARKET AND RENT ASSESSMENT**

The applicant will select and use one of four available processes to document the market assessment for a proposed project. The process chosen will depend upon the population to be served and if federal tax credits are a requested source of funding.

The four processes are:

- **Summary of Demand for Group Home**
- **Summary Special Needs Market Assessment**
- **General Market Assessment**
- **LIHTC Third Party Market Analysis (including both 9% and 4% credits)**

Applicants requesting LIHTC must obtain a third party market analysis. Other applicants should read about the other three processes before determining which one should be used for the application. Contact your RAD if you have any questions or concerns about which process is correct for your target population and funding request.

If your specific project will target both general population and residents with special needs, market analysis requirements should first be discussed with the RAD and the department's in-house market analyst. Only one, or more than one, analysis may be required according to the project's design, mix of populations, and anticipated income and expenses.

Include in the application only the pages applicable to the market assessment process you've chosen. Do not include uncompleted pages from the other three options. Do not include market study exhibit pages for reference.



Third party market studies should be submitted as a separate document. However, please include in Part 7 of the original and all copies of the application the **Executive Summary** from the market study.

### **Summary of Demand for Group Home**

Applications for group homes only need to provide sufficient information to confirm there is a need in the community for the home and there will be an adequate population in the future to support the home through its period of affordability. The Market and Rent Assessment section contains two questions for the applicant's reply. Provide specific data and sources of information. Be concise.

Applicant's response should be no more than two typed pages, and can be shorter depending on which, and how many, data sources are reported. Applicant must use 11 or 12 point font size, and keep all-around page margins of not less than 1 inch.

DO NOT complete any other part of this Market and Rent Assessment section.

A project is considered a group home if it provides permanent housing for non-related residents with special needs, and tenants occupy a bedroom in a house with shared kitchen, living areas and bathrooms.

### **Summary Special Needs Market Assessment**

The Summary Special Needs Market Assessment is briefer and is a refinement of the standard general population format. It addresses specific special needs (SN) populations including persons with the presence of a disability (physical and developmental, traumatic brain injury, chronically mentally ill), victims of domestic violence, children, ex-offenders, homeless individuals and families, persons with HIV/AIDS, and persons recovering from alcohol and drug abuse.

The Summary Special Needs Market Assessment applies to smaller Special Needs projects (**less than 20 units**). Farm worker populations will use the more complete General Market Assessment due to necessary employment factor analysis. Although seniors (elderly) are considered a special needs population, the seniors' analysis should also follow the current General Market Assessment due to the size of the population and good available qualitative data more appropriate to this population.

The Special Needs section of the application consists of essay questions and an Excel "Special Needs Workbook" (page 1 only). The assessment section of the Workbook links the specific real estate to the special needs population. The conclusions should provide reasonable, reliable, and verifiable market support for the proposed project. Marginal (unmet or surplus) demand and appropriate rents should be estimated for the specific target population. The Workbook is available from the OHCS web site [www.oregon.gov/OHCS/HRS\\_CFCApp.shtml](http://www.oregon.gov/OHCS/HRS_CFCApp.shtml).

**Submit your responses to the narrative questions and Page 1 of the Workbook with the application.** Remaining pages in the workbook are not required, but contain optional worksheets which may assist the sponsor in completing the section more completely and efficiently if desired. The questions and the workbook are designed to be completed simultaneously, compliment one another, reduce time/expense for the applicant, and produce credible results. However, due to the brevity of the analysis, the reliability of the data and conclusions becomes more significant.

In researching and analyzing the market, sources of information may include city, county and state agencies, specific service providers, local housing authorities, onsite managers, and census data. Cite the sources (include person and phone), dates, and methods used in the narrative responses. All sources and data are subject to verification.

### **General Market Assessment**

The General Market Assessment is used in the CFC for all projects except for the following: 1) those applicable to the Group Home or Special Needs Market Assessment and 2) those in which LIHTC is a requested source of funding. This includes both new construction and acquisition/rehab projects. Example populations applicable to this section include general family, individuals, elderly/seniors, and farm workers. Data is typically readily available for analysis of these populations and projects.

This section of the application consists of essay questions and two charts. The section links the project's targeted population to the specific real estate project. The conclusions from this assessment section should provide reasonable and reliable market support for the project at the CFC application level. General demand is concluded and appropriate rents should be estimated for specific income ranges and unit types for the proposed target population.

In researching and analyzing the market, sources of information may include market participants such as onsite managers, management companies, and brokers. Additionally, real estate reports from secondary data providers, U.S. Census data, Portland State University (PSU) population data, and demographic vendors provide data as well. Cite the sources and methods used in the narrative responses below.

OHCS has developed a Basic Market Analysis Handbook to assist the sponsor in completing the Need and Market Assessment. This tool is available on the OHCS web site. The Handbook is not part of the application process, but is offered to provide research and analysis support.

### **Third Party Market Analysis for LIHTC Requests**

All applications for either 4% or 9% LIHTCs must provide a complete third party market analysis with the CFC application. Applications targeting special needs populations and applying for LIHTCs are also subject to this requirement. The department's requirements for the market analysis are discussed below.

- Applicants required to submit a third party market study should not complete either the Group Home, Summary Special Needs or the General market assessments. However, please include in Part 7 of the original and all copies of the application the Executive Summary from the market study.
- All bond-financed projects may be required to provide further market information in the appraisal as per the special appraiser instructions in the bond application.
- State bonds do not require a market assessment as part of the application for certain populations. Contact the Housing Finance Section for additional guidance or questions if applying for State bonds.
- If the project is awarded a CFC reservation of funds, OHCS may request additional rent and market assessment information as a condition of reservation.

- Completing a rental analysis and estimating unit rents for a specific project is considered an appraisal under the Uniform Standards of Professional Appraisal Practice (USPAP) and ORS 674. The rental analysis sections (both market and affordable) of the market analysis must be completed by a State Certified General Appraiser. Please contact the Oregon Appraiser Certification and Licensure Board for further information regarding certification.

**If an applicant requests LIHTC funding but does not include a third party market study, the application will not be considered for funding.**

Projects applying for competitive LIHTC credits must provide two originals of the complete market analysis with the CFC application. The market analysis will be examined as part of the CFC review and ranking process.

The Analysis must be no more than six months old at the time of application or re-application; if older, an update from the market analyst must be submitted along with the original study and the application.

During the application review process, OHCS will review and evaluate the adequacy of the analysis and reliability of the conclusions reported in the Analysis. The analysis should reflect current conditions and consider future trends. OHCS reserves the right, at its sole discretion, to reject the third party analysis, require additional information, require amendment to the original report based upon the third-party analysis, or accept the analysis.

The following Market Analysis outline contains directions and guidance for the independent, third-party market analyst, and also includes a report outline to assist the market analyst to meet OHCS reporting requirements. This outline should not be considered a rigid format, but the report should be at least similar to the following outline and include the requested information. Information not available should be specifically stated as such. The report should include any additional information and analysis the market analyst deems necessary to producing reliable and credible conclusions for the project.

A list of approved market analysts is available from OHCS via the web site [www.ohcs.oregon.gov/OHCS/HRS\\_LIHTC\\_Program.shtml](http://www.ohcs.oregon.gov/OHCS/HRS_LIHTC_Program.shtml). This list is composed of analysts meeting minimal requirements, but does not guarantee an acceptable market analysis report.

**MINIMUM COMPLETE MARKET ANALYSIS OUTLINE**

**(To be completed by a third-party analyst from the approved OHCS list. This report must be submitted with the application.)**

The following provides a market analysis outline to guide the independent, third-party market analyst in completing the required report. The first portion of the report requires description and analysis of the region, neighborhood, site, and improvements. These components link the locational and physical characteristics of the project to its surrounding market area and targeted population. Site and improvement analyses measure the productivity and marketability of specific characteristics, and provide a market-supported basis for approving or recommending any beneficial changes in the project for further consideration.

The next segment of the report is the analysis of the subject's market and potential for marginal (unmet) demand. Rental surveys, adjustments to comparables, and conclusions identify appropriate unit rents for various scenarios of financial analysis. A demand/supply analysis will

eventually conclude whether sufficient marginal demand is present in the market to support construction, conversion, or rehabilitation of the project.

Although marginal demand can be quantified with demographic analysis, additional variables including vacancy analysis, data regarding rent concessions, housing authority and specific comparable project wait lists, absorption data, and anecdotal data provide equally important facts and conclusions. The bulk of all the data leads to a reconciliation of marginal demand for the project under analysis. The analyst's conclusions must make a compelling argument for the project's demand in the marketplace.

Grids and tables created and included by the analyst should provide sufficient detail to allow the reader to follow the narrative discussion presented in a specific section of the report.

The market analyst must report the sources (name and phone number if applicable) of the data in sufficient detail for OHCS independent verification. The market analysis must be discussed and explained in sufficient detail to allow the reader to follow the analyst's calculations, logic, and line of reasoning. Data must be reliable and conclusions for each step reasonable and supported in the report.

## ***Complete Market Analysis Outline***

### **1. Report Title Page**

### **2. Letter of Transmittal**

Include the client's name, purpose of the report, use and intended users of the report, and the effective date of the analysis. State OHCS as an intended user of the report. (Include analyst's Oregon state certification number and expiration date with signature if applicable).

### **3. Table of Contents**

### **4. Executive Summary**

- Summarize significant conclusions from the primary sections of the report. Consider this as a short, concise section preferably of only one to two pages.
- Summarize significant recommendations and/or suggested modifications to project.

### **5. Photographs of Subject**

Color photos of subject (& adjacent property only if significant).

### **6. Assumptions and Limiting Conditions**

Clearly state any assumptions (including extraordinary) and limiting conditions of the report impacting the analyses or conclusions.

### **7. Scope of the Assignment**

- *Talk to the reader and set the report up in this section by alerting the reader of what to expect, both positive and negative, in the report.*
- The analyst must discuss the scope of the assignment. Report and describe the process of collecting and analyzing the data, what data may be lacking, any difficulties with data

collection or analysis, reliability/unreliability of data or conclusions, analytical limitations, and other factors significant to the assignment and conclusions.

### **8. Regional Description (include map)**

*This section discusses the greater economic area influencing the subject. Report the trends in population, employment, income and those variables influencing the subject both at present and in the foreseeable future. Conclude with the positive and negative regional influences on the subject. Answer the question "Does the current and forecast economy of the area support the proposed project?"*

- Population – region applicable to the subject (i.e. state, metro, county); include a brief 5-year history; five to 10-year projections; discuss trends impacting the subject.
- Income - regional with minimal 5-year historical and anticipated trends.
- Discuss CPI and the market's anticipated trends impacting the subject.
- Employment – regional.
- Employment structure and trends, influence on the subject target population.
- Economic base and trends.
- Largest employers and trends; reliance on single employer or industry?
- Unemployment history (5 to 10 year) and trends.
- Regional factors/trends impacting the subject and market.

### **9. Neighborhood or Primary Market Area (PMA) Description (include map)**

*Describe and discuss the subject's immediate neighborhood and surrounding property uses. What are the trends and how do they influence the subject's marketability and potential success? Note: The neighborhood does not necessarily coincide with the PMA, which may be discussed in a later section when describing the market area.*

- Discuss and support reason for selecting the defined neighborhood.
- Population – trends in population, income, and employment. How do these trends impact the future of the subject project?
- Employment - if differs from regional, discuss differences and impact on the subject.
- Linkages - proximity (blocks or miles) to local services and resident services for the target population, schools, transportation linkages and mass transit, parks/recreation, medical services, employment (linkages pertinent to the target population).
- Marketability of the neighborhood (pro and con).
- Relationship of subject to its neighborhood.
- Does the neighborhood provide an acceptable location environment for the project?

### **10. Site Description**

*This section should answer questions about the positive and negative characteristics of the site and conclude if the site is acceptable for the intended development. Are there any site characteristics triggering an alternative site selection process?*

- Details of site - discuss site characteristics and address issues such as physical attributes, size, utilities, topography, flood zone, wetlands, easements and deed restrictions, zoning, real estate taxes, environmental concerns, linkages, etc. Include the tax parcel number(s) and/or legal description (may be placed in Addenda).
- Are there any site characteristics which would significantly increase site development costs?
- Proximity to adverse externalities (i.e. airports, railroads, high voltage lines, noise generators, major highways, visible uses, security, etc.).
- Discuss and describe surrounding land uses, both positive and negative.
- Conclude the productivity/suitability of the site for the project, both positive and negative.
- Does the site require alternative site analysis?
- Include plat, flood, and zoning maps.

## **11. Improvement Description**

*This section should link the improvements to the site and the target population. Describe the improvement characteristics and discuss if each characteristic is acceptable to the market and population served. Recommend if something should be considered for change or redesign to improve the project, better serve the tenant, and/or reduce construction costs.*

- Unit and complex layout on the site (site plan).
- Are the unit types marketable?
- Unit square footages (unit sizes appropriate for the targeted market, exceed minimum Department sizes, and are not too large for the typical market). Can unit sizes be reduced and remain functional and marketable units?
- Unit mix (is it appropriate and supported by market evidence)
- Unit amenities: identify what unit amenities such as patios/decks, dishwashers, in-unit washer/dryers, etc. are present or lacking in the subject as compared with the market. Discuss the impact of unit amenities on marketability.
- Project amenities: identify what project amenities such as onsite office, clubhouse, community room, laundry room, playground, and others present or lacking as compared with the market. Impact on marketability. Are there additional onsite amenities to specifically serve the targeted population?
- Parking: describe and analyze number of spaces, legally conforming to zoning, type (open, carport, garage, etc), parking rents, handicapped spaces, the relationship (distances) of the parking to the units. Impact on marketability.
- Discuss any physical, functional (super adequate or inadequate), or external obsolescence.
- Conclude and compare characteristics and suitability of the subject as both a conventional market-rate complex and as a low-income project.
- Improvements marketability: conclude the anticipated market response (+ & -) to the improvements and why. Is there anything that could be changed to improve marketability, reduce cost, and/or better serve the target population?
- Include site plan and appropriate plan reductions if available.
- Include project schedule.

## **Analysis of Specific Market**

*The section serves two purposes. First, a rental analysis estimates the affordable rents applicable to the subject's specific units by comparison with both restricted rent calculations and market rents. Second, it concludes whether or not sufficient demand exists for the subject project.*

The market analyst must report the sources (name and phone number if applicable) of the data in sufficient detail for OHCS independent verification. The market analysis must be discussed and explained in sufficient detail to allow the reader to follow the analyst's calculations, logic, and line of reasoning. Data must be reliable and conclusions for each step reasonable and supported in the report.

## **12. Target Market Identification**

- Present a brief summary discussion of the subject's affordable housing program (LIHTC, HOME, ADF, etc.).
- Identify the target market population (i.e. family, seniors, and special needs).
- Identify the MFI ranges (bands) targeted for project (50%, 60%, etc.). Analysis of income bands above 30% MFI should be prepared in 10% intervals. Suggested income banding is:
  - 1) 0 to 30%
  - 2) >30 to 40%
  - 3) >40 to 50%



- 4) >50 to 60%).
- Define the Primary Market Area (PMA - geographic target market area and boundaries. Include map. Discuss and explain the reasoning for the selection of the PMA. Explain additional areas of capture only if pertinent, supportable, and not already included in the demographic data.

### **13. Rent Analysis**

For both market and affordable rents, if the comparables are offering concessions, deduct the concessions from the street (quoted or face) rent to estimate the effective rent. Use the effective rent in further income analysis.

Frequently in less populated areas the question is asked, “What if there are no comparables in my PMA”? The suggested solution is to continue to geographically expand the search area into economically similar communities or areas, which do have comparables. Adjust these comparables to the subject with the final consideration of making a reasonable locational adjustment if this adjustment is warranted.

#### **Conventional Market-rate Market**

- Provide an overview of the competitive conventional housing market (or sub market) applicable to the subject. What are the trends?
- Discuss rents, rental trends (increases-decreases), concessions, vacancy, absorption, anecdotal data, and additional variables impacting the subject and PMA.
- Research and verify a minimum of six appropriate rent comparables (before and after 1990); include a summary grid of the comparables.
- Include comparable detail sheets and photos in the report or addenda.
- Adjust comparable rentals, support adjustments, and conclude conventional market rents applicable to the subject’s specific individual unit types as if it were a market-rate complex.
- Include adjustment grids and supportive discussion leading to reasonable conclusions.
- If the subject project is new or proposed construction, research at least five similar complexes built prior to 1990 and discuss rents as compared to the subject. Are the subject rents at, below, or above this group of rents? Quantify the difference.

#### **Affordable (low income) Market**

- Provide an overview of the affordable housing market (sub market) applicable to the subject. Discuss rents, rental trends, concessions, vacancy, absorption, any additional variables impacting the subject and PMA.
- Research and verify appropriate low-income rent comparables (minimum of six) and include a summary grid.
- Include comparable detail sheets and photos in the report or addenda.
- Discuss and calculate subject’s applicable affordable (gross) rents; discuss and deduct the appropriate and applicable utility allowances; conclude the calculated gross allowable (net) rents for the subject.

*Extraordinary adjustments recognizing atypical premiums in the market such as floor height of unit, unit orientation, view premiums, adjacency to wooded areas or riverfront, and other similar premiums are not to be included in the market rent estimate in this section of the analysis.*

- Compare the market rents to the calculated gross allowable (net) rents; adjust subject gross allowable rents to at least 10% below market if necessary.
- Conclude an estimate of gross allowable rents (what the tenant actually pays the landlord) applicable to each subject unit type.

## **14. Demand Analysis**

***Must identify new demand.*** Residents at existing similar properties at similar rent levels to those proposed are not new demand. Neither are those units simply involved with normal turnover movement. Avoid consideration for “substandard units” unless market supported data is available. Avoid the simplistic use of census data for “rent burdened” households without qualifying the data and conclusions.

- 1) **Vacancy (physical) Analysis:** Discuss and conclude an occupancy/vacancy rate applicable to the subject from the market (submarket) data and rent comparables. Conclude by unit type if available. Conclude the indicated demand for the subject unit types from the vacancy analysis.

***Physical vacancy is considered to include unleased units. Any leased, but not yet physically occupied units are not considered vacant.***

- 2) **Wait List Analysis:** Discuss data obtained from general wait lists such as housing authorities as well as specific wait lists from the comparables in the subject’s area. Verify the wait list has been recently updated and reflects current demand. If available, wait list data should include segregation by income ranges and unit types applicable to the subject and the target population, not just the total number of households on the list. Include housing voucher discussion. Conclude the indicated demand for the subject from wait list data.
- 3) **Rental Concessions:** Discuss trends in rent concessions and conclude what these trends are indicating for demand.
- 4) **Absorption Analysis:** Discuss and conclude an absorption scenario (pre-leasing, absorption period, total time to stabilize) applicable to the subject from the market (submarket) data, absorption comparables, and primary rent comparables from above. The conclusions should represent the most supportable absorption scenario from the market data. State whether this indicates demand for the subject or not.
- 5) **Anecdotal Data Analysis:** Report and discuss anecdotal data germane to the assignment and collected from primary surveys, such as the comparable rental surveys, during the assignment. What are the market participants saying about the current market and trends? Conclude the indicated demand for the subject.
- 6) **Demographic Analysis:** This is a data gathering, analytical, mathematical process, which can vary by analyst. Analytical variations between analysts are expected. Analysis is typically directed at the PMA. The target market must be analyzed by at least:
  - population
  - age (if applicable)
  - households
  - household sizes
  - tenure (propensity to rent)
  - structure type (single-family attached/detached, multi-family units, etc.)
  - unit type (studio, one, two, three bedroom unit, etc.)
  - household income (in percent intervals described in Sec. 12 above) and eliminate any income crossover

This demographic demand analysis is only one portion of evaluating marginal demand for a project. Its importance and reliability should be considered in conjunction with the analyses of the preceding variables.

## **15. Supply Analysis**

- A. Existing Supply: Inventory the existing supply competitive with the subject by age, structure type, unit type, and income levels.

OHCS maintains a continually updating existing and proposed list of affordable inventory in the State. The list is not considered complete and all data should be verified for accuracy. The list is available from the OHCS website.

- B. Proposed Supply: Inventory the proposed (pipeline) supply competitive with the subject by income band and unit type. Evaluate the probability and timing of each project's entry in the market.
- C. Housing Authorities: Discuss current and proposed supply with the local housing authority, various agencies and authorities such as HUD, RD, or OHCS who can assist in supply selection. Discuss supply by income range and unit types, and not just gross numbers.
- D. RAD Contact: Contact the OHCS Regional Advisor to the Department (RAD) for additional data regarding projects in the pipeline.
- E. Census Data: If census data is used to segment supply by allocating either contract rent by household or gross rent as a percent of household income, it is imperative to segment the subject's structure type away from other structure types. This must be adequately explained in the report.
- F. Discuss any pertinent supply characteristics such as building permits, zoning changes, PMA development directions, or competitively zoned land available for development as they influence the subject's position in the market.

## **16. Reconciled Estimate of Marginal Demand**

Reconcile all of the above indicators of demand and supply into reasonable conclusions of marginal demand by unit type and income band, supported by the data and analyses. Consider and compare all of the indicators including vacancy, wait lists, concessions, absorption data, anecdotal data from market participants, and demographic analysis. A table of concluding marginal demand quantifies this analysis by unit type and income band. Provide a clear, concise, reasonable conclusion as to whether or not the subject is demanded by the market. If marginal demand is present, estimate the subject's capture rate.

## **17. Capture Rate Development:**

Estimate appropriate capture rate(s) applicable to the subject. Does the capture rate fall within the established development parameters for construction? A capture rate estimate of 25% should be used as a maximum benchmark for project development. A rate less than 25% indicates a stronger market. A rate above 25% indicates a weaker market. Note that this 25% benchmark can change with various populations. Many special needs populations demand a higher capture rate, while a 50 to 60% MFI family project may indicate a lower capture rate is necessary in competitive markets. The analyst must make a clear, concise, concluding statement as to whether or not the data, analysis, and conclusions support development, acquisition, or rehab of the project.

## **18. Certification (see following example)**

**19. Addendum**

- Title Report (if available)
- Legal Description (if available)
- Market Rent Comparables
- Affordable Rent Comparables
- *Additional applicable project specific data if necessary*
- Qualifications of Analyst(s)

**CERTIFICATION**

I certify that to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of predetermined conclusions that favor the cause of the client, the attainment of a stipulated result, the occurrence of a subsequent event, the approval of a loan, or the awarding of funding.
- (state name of individual(s)) provided significant professional assistance to the person signing this report. (state name of analyst engaged) inspected the subject and all comparables utilized in this assignment. Comparable inspections were interior/exterior.
- I do not authorize the out-of-context quoting from or partial reprinting of this market analysis report. Further, neither all nor any part of this report shall be disseminated to the general public by the use of media for public communication without the prior written consent of the analyst signing this report.

\_\_\_\_\_  
 Analyst's Name  
 Company  
 Oregon Certification (if applicable)  
 # (Exp.) if applicable

\_\_\_\_\_  
 Date

**PART 8: SPONSOR CAPACITY**

The purpose of this section is to provide OHCS with sufficient information to determine if the applicant has experience using the funding requested, has developed this type of housing previously and has composed a competent development team.

The section contains nine narrative questions, five tables, instructions for sponsor capacity on asset management, and Asset Management Request from for the applicant to complete. The

response to each narrative question should be no longer than one-half page, using 11 or 12 type size.

## **PART 9: FINANCIAL FEASIBILITY AND READINESS TO PROCEED**

NOTE: Question #1 in this Section does not have a page length limitation. The remainder of narratives is limited to one-half page for each response, using an 11 or 12 size types.

### **PROPOSED PROJECT SCHEDULE**

The project schedule should be accurate and the timelines should be consistent with the requirements of the project's components, such as providing adequate time to complete acquisition or satisfaction of funding conditions.

### **FINANCIAL ASSUMPTIONS**

The first narrative requires an explanation of how the development budget and operating budget were determined. For each line item used on the pro forma Uses of Funding, Income and Expenses spreadsheets, the applicant must explain the source or justification of the budgetary amounts used. Provide detailed information and do not combine line items.

### **NON-OHCS SOURCES TABLE**

Indicate the amount, source, terms and status of all non-OHCS funds and potential community-based resources anticipated being used for this project and complete the narrative request which follows the table.

### **DEVELOPER FEE**

Complete the table to show the total developer fee requested, including consultant fee and project management fee, if applicable. A project management fee, or construction management fee, paid to the project owner, developer, contractor or consultant is considered part of the developer fee and is subject to the 15% cap. The project management fee is considered a separate fee, and not included in the developer fee, if the payment is to a third party hired to oversee construction. The Uses of Funding worksheet now contains a "Third Party Construction Management Fee" for this line item. The applicant should make clear who receives the project management or construction management fee.

### **CONTRACTOR OVERHEAD AND PROFIT**

The general contractor/builder's profit may not exceed 14% of the total hard construction costs less contractor overhead, profit and general conditions, regardless of the funding source(s). If an identity of interest exists, the general contractor/builder's profit may not exceed 10% of the total hard construction costs less contractor overhead, profit and general conditions. *(For hard construction cost, use only the subtotal from the "Construction Costs" section of the Uses of Funding form).* Builder's profit shall include all of the following: profit, overhead, general requirements, and project management fees associated with construction. Builders' Risk Insurance and/or a performance bond may be a separate line item and is not included in the percentage.

### **HOW THE PROJECT WILL REMAIN AFFORDABLE OVER THE ENTIRE PERIOD OF AFFORDABILITY.**

Explain how future costs such as management and operating fees will be contained and what will happen when certain tools like property tax reductions, federal or state tax credits, or other subsidies expire. If the pro forma shows the cash flow diminishing over time or becoming negative, explain how you will maintain a positive cash flow.

## **EXISTING SUBSIDIES WITH ACQUISITION PROJECTS**

Indicate all rental assistance and subsidy which exists with the project now.

## **PROJECT-BASED RENTAL ASSISTANCE**

Provide only committed project-based rental assistance (PBA) from all sources that will be used in the project after construction or rehabilitation is complete. To be counted, the PBA should be an expected resource for more than one year, preferably for a minimum of 20 years, or under an existing renewable contract.

## **PRESERVATION OR EXPIRING USE**

If the proposed project is preservation of a HUD or RD financed project or an expiring LIHTC project, it's very important that the status of sale or transfer transactions be detailed sufficiently in the application. The "Status of Negotiations" table should be filled out completely and its information should be consistent with the information provided in other sections of the application.

## **EXISTING TENANT SURVEY**

This form must be completed for all projects which are occupied at the time of application, regardless of the funding source(s) requested.

## **TENANT RELOCATION**

This form must be completed for projects with anticipated permanent or temporary relocation of a household or business. For OHCS HOME applications, complete the entire form. All other applicants must only complete the first five questions. Limit each response to one-half page, using 11 or 12 point font.

## **PART 10: EXCEL PRO FORMA SPREADSHEETS**

In the Excel workbook, the spreadsheet pages are arranged in a different order than how they are listed on the Application Submittal Checklist. The workbook has the most-used pages at the front. When inserting the printed spreadsheet pages into the application, make sure they are inserted in the same order as they are listed on the Application Submittal Checklist.

The cells have been protected without the inclusion of a password. This is intended to help the applicant avoid changing the content of cells. If you wish to change data in a protected cell, use the "Tools" tab to unprotect the cell.

Fill in the project name on the Sources of Funding page. It will be automatically linked to the other pages in the spreadsheet.

Fill in the date on each spreadsheet page. Dates are not automatically linked because page revisions can be dated individually and submitted during the development of the project.

Many cells have "comments" embedded to assist in gathering the needed data.

Generally, cells designated for data entry are highlighted in yellow (with the exception of the Sources of Funding page).

### **Sources of Funding page**

Note: If the project is a mixed-use project with a commercial/retail component, go to the row that has A,B,C, etc. and highlight columns F and I. In the shaded area, right click your mouse and select "Unhide" at the bottom. This will reveal the Commercial input column. Input information according to the instructions that follow:

Fill in Project name and date at the top of the page.

Enter source dollar amounts in their proper locations. Be sure to include Commercial if applicable.

If application is being made for LIHTC, do not attempt to enter numbers in the cell for the LIHTC equity. This cell will be automatically filled by linkage after the Calculation of Tax Credit page has been completed.

### **Uses of Funding page**

Note: If the project is a mixed-use project with a commercial/retail component, go to the row that has A,B,C, etc. and highlight columns C and E. In the shaded area, right click your mouse and select "Unhide" at the bottom. This will reveal the Commercial input column. Input information according to the instructions that follow:

Fill in date cell.

Fill in acq/rehab cell with an "x" if requesting funding for an acquisition rehabilitation application. This will enable the developer fee to calculate correctly.

Fill in IRS set aside (only if requesting LIHTC). See comments for that cell.

Enter square footage for Residential areas, Common Areas, Commercial/other areas.

Total Square Footage will be calculated from these entries.

Cost column

- Enter costs by line item. "Other" lines for "other" costs have been provided, however most costs should fit into the pre-labeled line items.
- Do not combine line items or request "see above" or "see below."
- Contractor's profit, overhead and general conditions must be shown as separate line items.

Cost per unit, square foot and % of total columns

- These columns will be calculated automatically. The calculations will be based on the residential and common areas only.

Funding Source column

- List actual funding source, e.g., HOME, Trust Fund, perm loan, donation. Even though the sources will often change during the development of the project, reviewers of the application need to see if funding sources are being used for eligible costs.

Reasonably Expected Basis and Estimate Gross Expended columns

- These columns are only for applicants requesting LIHTC.

Bottom of second page

- All of the cells will be calculated automatically. If the "Surplus or Gap" cell shows a positive or negative number, then the Sources and Uses do not match by that amount.

### **Housing Operating Budget - Income page**

Enter date at top of page.

Enter County name at top of the page. If this is not done, the formulas for Median Income % will not work.

This page must be filled out by all applicants, including those who are requesting OAHTC.

In the "Unit Size" column, enter the following designations for appropriate unit sizes:

- SRO - use for single resident occupancy
- 0 - use for efficiencies or studio apartments
- 1 - use for one bedrooms
- 2 - use for two bedrooms
- 3 - etc., etc.

"Number of Baths" column - use .5, 1, 1.5, 2, etc.

"Median Income %" column. Both the "Income without OAHTC" and the "Income with OAHTC" pages use formulas to automatically express the percentage of median income. Although the percentages expressed are actual, OHCS will consider the percentages to be expressed as a not-to-exceed % of median income in 10% intervals. For example, if the percentage of median income is calculated by the formula to be 43%, then OHCS will consider the not-to-exceed percentage of median income to be 50%. These not-to-exceed percentages will be used in all legal agreements and declarations between the sponsor and the state. Questions regarding this policy can be directed to the area RAD.

If the project is requesting OAHTC, this page and the "Income with OAHTC" page found later in the workbook will need to be filled out.

Enter the total income for Service Revenue and any Other Revenue for the project in the "Total Annual Income" column. This is the annual income for all units using the service or other project revenue as project income.

The Annual Inflation Rate Factor at the top of the page is defaulted to 2% for income. This may be changed but the change must be justified in the narrative portion of the Financial Description section of the application. The same applies to the default 5% vacancy rate at the bottom of the page.

The spreadsheet does not allow the Inflation Factor to vary on a line item-by-line item basis.

### **Housing Operating Budget - Expenses**

Enter date at top of page.

The Annual Inflation Rate Factor at the top of the page is defaulted to 3%. This may be changed but the change must be justified in the Financial Description narrative.

Fill in the shaded cells and all else will be calculated automatically.

In the Permanent Loan row, enter the interest rate, term and loan amount. If requesting OAHTC, the entry should show the original interest rates, not the rate after OAHTC is applied.

The OAHTC permanent loan row will fill in automatically using information from the OAHTC calculation page.



The "Portion of loan w/o OAHTC" row is for entering any portion of the permanent loan which stays at the original interest rate after OAHTC reduction is taken.

Amortized Debt row should list HOME loans, Trust Fund loans, Partnership loans, etc.

This spreadsheet page actually calculates cash flow projections up to 30 years, but it is set to print only to 5 years. After that point, it shows only years 10, 15, 20 and 30.

### **Utility Allowance Information**

Enter date at top of page

Enter data as requested by the form

A copy of the source of the Utility Allowance Calculation (Housing Authority, etc.) must be supplied.

### **Commercial Operating Budget – Income page**

Enter date at top of page.

The Annual Inflation Rate Factor at the top of the page is defaulted to 2%. This may be changed but the change must be justified in the Financial Description narrative.

Fill in the shaded cells and all else will be calculated automatically.

### **Commercial Operating Budget – Expenses page**

Enter date at top of page.

The Annual Inflation Rate Factor at the top of the page is defaulted to 3%. This may be changed but the change must be justified in the Financial Description narrative.

Fill in the shaded cells and all else will be calculated automatically.

In the Permanent Loan row, enter the interest rate, term and loan amount for the commercial loan.

This spreadsheet page actually calculates cash flow projections up to 30 years, but it is set to print only to 5 years. After that, it shows only years 10, 15, 20, and 30.

### **Proforma Summary page**

Enter date at the top of the page.

This page requires no other data entry from the applicant.

Be sure that this summary page is included in the pro forma sheets when submitted with the application.

### **Project Summary page**

Enter date at the top of the page.

This page requires no other data entry from the applicant.

Be sure that this summary page is included in the pro forma sheets when submitted with the application.

### **Calculation of Tax Credit page**

Only applicants requesting LIHTC need submit this page.

Enter date at the top of the page.

Place an "X" (not a "4" or any other mark) under either "yes or no" regarding Qualified Census Tract or Difficult to Develop designations. If "yes", the 130% will calculate automatically.

The applicable fraction must be entered in the appropriate cell.

Input the amount of tax credit requested and the tax credit yield. If the yield contains fractions of cents, enter it in up to 3 decimal places. This will calculate the tax credit equity and link it forward to the Sources of Funding page.

### **Housing Operating Budget - Income with OAHTC page**

Only applicants requesting OAHTC need submit this page.

Enter date at the top of the page.

In the "Unit Size" column, enter the following designations for appropriate unit sizes:

- SRO - use for single resident occupancy
- 0 - use for efficiencies or studio apartments
- 1 - use for one bedrooms
- 2 - use for two bedrooms
- 3 - etc., etc.

"Number of Baths" column - use .5 or 1 or 1.5 or 2, etc.

"Median Income %" column. Both the "Income" and the "Income with OAHTC" pages use formulas to automatically express the percentage of median income. Although the percentages expressed are actual, OHCS will consider the percentages to be expressed as a not-to-exceed percentage of median income in 10% intervals. For example, if the percentage of median income is calculated by the formula to be 43%, then OHCS will consider the not-to-exceed percentage of median income to be 50%. These not-to-exceed percentages will be used in all legal agreements and declarations between the sponsor and the state. Questions regarding this policy can be directed to your RAD.

Enter the total income for Service Revenue and any Other Revenue for the project in the "Total Annual Income" column. This is the annual income for all units using the service or other project revenue as project income.

The Annual Inflation Rate Factor at the top of the page is defaulted to 3% for income. This may be changed, but justification must be given for that change in the narrative portion of the application's Financial Description section. The same applies to the default 5% vacancy rate at the bottom of the page. The percentages used must match the "Income" page completed earlier.

The spreadsheet does not allow the Inflation Factor to vary on a line item-by-line item basis.

### **OAHTC Rent Reduction Calculation**

Enter date at top of page.

Input data in shaded cells and the formulas will do the calculations.

Pass through requirements and amounts are shown just above the Loan Amortization section. The pass through number must be positive (or "over").

## **PART 11: CONSTRUCTION COST DOCUMENTS**

In this section, attach the document(s) used to determine construction or rehabilitation costs. A full explanation of the required materials is provided in the Application Overview section.

## **PART 12: SUPPLEMENTAL HOME FORMS**

## **PART 13: SUPPLEMENTAL LIHTC FORMS**

## **PART 14: SUPPLEMENTAL LOW INCOME WEATHERIZATION FORMS**

## **PART 15: SUPPLEMENTAL OAHTC FORMS**

Complete and submit all of the supplemental forms for each funding source for which you are applying. Do not submit blank forms for other sections. Before completing the forms, thoroughly read the program requirements pertaining to the particular resource, as an understanding of the program is essential to successfully integrating each funding source into the project development.

## **GENERAL REMINDERS**

- Follow the order of the Application Submittal Checklist completely and accurately.
- Make sure all requested material has been provided and is presented in the order indicated on the Checklist.
- Submit only the documents which are listed on the Application Submittal Checklist.
- Use divider tabs for ease in locating each Part.
- Number every page of the application.
- When answering narrative questions, do not remove the question, question number, or the box provided.
- Keep responses within the stated length and type size requirements.
- Do not double-space your text responses.
- Always mark the project's location on maps and context photos.
- Identify acronyms used by your organization.
- Answer questions completely. Don't assume the reader is familiar with your organization or project.
- Double-check that each copy of the application includes all the same documents as the original.