2024 NOFA Frequently Asked Questions

**The information below contains questions asked in the training sessions, via email, or during one-on-one meetings with OHCS Homeownership Development staff. Questions have been categorized into sections that can be collapsed for ease and efficiency in reading. Please reach out to** [**HO.Development@hcs.oregon.gov**](mailto:HO.Development@hcs.oregon.gov) **if you have any questions regarding the NOFA, application, or eligibility of projects.**

## Website and Pre-Application

**Q**: *In the pre-application, please define “expected average cost of construction per unit.” Is this TDC including soft costs or is it just vertical costs?*

**A**: This line is for OHCS informational purposes only and may be estimated by the applicant. In general, we hope that you will include all costs to bring the unit online, including land acquisition, site work, hard costs, and other carrying costs. This will be compared against the expected average sales price to understand the funding gap of pending applications this year. We will evaluate actual estimates with your application.

**Q:** *If we are submitting more than one application, do we need to complete a pre-application for each one?*

**A:** Yes, please submit a pre-application for each project. We will also create a separate Procorem workcenter for each project.

**Q**: *When should we see the NOFA funding resources that tracks the dollars committed updated? In March?*

**A**: This question is referring to the table on the NOFA website that tracks and publicizes available funding and funding requests. This table is updated roughly once per week.

**Q**: *For the available funding tracker on the NOFA landing page, can you explain how to interpret that?*

*For example, I’m seeing that the pre-applications pending, the total all falls under the set-aside. So, if we know we don’t qualify for the set-aside, is there going to be a separate tally for the LIFT funding? Or not until the set-aside is done?*

**A**: The pre-application asks if applicants meet the definitions of rural, emerging, small, or committed to equity, which would make them eligible for the set-aside. If the applicant checks any of those boxes, their anticipated amount is listed as requested in the LIFT set-aside. As of this FAQ posting, all applicants so far have noted that they meet one or more of these criteria. Should all of the set-aside funding be expended right away, any other applicants will be eligible for the standard award.

## NOFA Timing

**Q**: *Is there any advantage to submitting the first week of February versus the final week of February? Or will all applications be held to be reviewed in March and April?*

**A**: All applications will be held to be reviewed in March and April. However, this program is first come, first served and applying earlier will secure and earlier place in the review line. If the program is oversubscribed in the first quarter, applications received earlier will be awarded funds first.

**Q**: *Is the “first-come” date based on pre-application submittal or Procorem submittal?*

**A**: The position in line is based on the Procorem submittal, though we do encourage all applicants to submit their preapplications early. The official place in line is when an applicant clicks the “SUBMIT” step in the Task list in Procorem.

## Eligibility

**Q**: *Is this funding only available to new parks? (i.e. mobile home parks)*

**A**: Yes, LIFT funding can currently only be used to develop new manufactured housing parks. It cannot be used to renovate existing parks.

**Q**: *Is it possible for these funds to go through us to a developer we are working with?*

**A**: Yes, this is possible. The primary requirement for the organization receiving the award and loan is that they own the land. It is possible for the landowner to contract with or partner with a developer and serve as a pass-through for the funds.

**Q**: *Can you expand on how the below parameter from Sec. E applies to multi-phase project center property? Can you confirm that it applies to a single funding year and that subsequent phases can be applied for in subsequent years?*

*“OHCS will only accept one application for a specific site or for any part of the same site, regardless of whether applications are submitted by the same applicant or by multiple applicants. If more than one application is received for the same site or any part of the same site, OHCS may disqualify one or all of the applications. In this scenario, the non-refundable application charge for each applicant will be retained by OHCS.”*

**A**: OHCS cannot award more than the value of the land for LIFT homeownership awards. If the applicant is seeking to do a multiphase project, each phase must be parceled and valued separately. OHCS cannot make 2 awards to the same site. However, it is ok to apply for part of the site if it hasn’t been parceled yet, we do have a process to “exclude” unincluded properties from the LIFT loan.

**Q**: *Regarding the definition of emerging developers, if the project is larger than 15 units, you still have the potential for award, you just have to fall into the higher scrutinized criteria, correct?*

**A**: Yes. Emerging developers with larger projects may also consider assessing whether they may be eligible under the “small developer” category.

## Scoring

Development Capacity & Experience

**Q**: *For the* *guarantee option, what will we have to state? Or in terms of additional proof, proof of a guarantee that probably won’t close in like 6-9 months. So, there’s no actual proof. What are you looking for?*

**A**: OHCS would look for something like a letter of interest at the application stage with the understanding that the legally binding contract for the guarantee must be executed before the LIFT loan will be closed.

**Q:** *Will we be impacted negatively if we don’t provide a guarantee?*

**A:** The guarantee is only needed if you cannot meet the minimum required score any other way. If you meet the minimum score, submitting a guarantee will not provide you any additional consideration in the application. If you do not meet the minimum score and do not provide a guarantee, your application will be denied. Note that the guarantee is limited in points. You will still need to meet the minimum score with the other scoring criteria plus the guarantee.

Equity & Community Engagement

**Q**: *On the 20% set aside for buyers under 60% AMI, how are you assessing that? By price point? downpayment assistance priorities? Preference for actual folks under 60% AMI? Or all of the above?*

**A**: At application, we would look to see that your Proforma listed a certain percentage of set-aside units and that your proforma took into account the lower sales price of those units. Ultimately, at the sale of homes, we would want confirmation that your homebuyers did meet the 60% or below AMI.

**Q**: *Is the homebuyer income verification collected at the application for the unit (when they apply with the Partner) or at the time of closing on the unit when they purchase?*

**A**: We accept homebuyer income certification up to one year prior to the home sale.

**Q**: *Can we identify multiple target communities?*

**A**: Absolutely. The application lists racial and ethnic communities specifically, but there is space for you to add 3 additional target communities that could include underserved populations. Please reach out to [HO.Development@hcs.oregon.gov](mailto:HO.Development@hcs.oregon.gov) if you would like to include more than 3 communities.

Financial Viability

**Q:** *The scoring for financial viability includes ½ point for each year of audited financials. However, 2023 financials will not receive audits until much later in the year. What should we submit?*

**A:** Thank you for notifying us of this. We will reconsider this scoring in future NOFAs, but for now, we will provide full audit credit if your 2022 Financials have been audited.

Project Details

Stewardship Experience

**Q:** *To show that the model has been thought through, do you simply want the recorded ground lease?*

**A:** We would accept a recorded ground lease, template ground lease, or, in a worst case scenario, a draft ground lease, which would be scored accordingly. This will be sufficient for the ground lease scoring criteria.

**Q:** *Does the ground lease need to be executed prior to submission?*

**A:** No. Please see above – templates will be acceptable. Drafts are also allowed, though they will be scored lower.

**Q:** *In a subdivision, can you create a CLT just for the individual fee simple lots? Has anyone been successful in putting 5 or 6 lots together in a newly developed subdivision and just have those lots fall under the community land trust?*

**A:** Yes, this is common. Many CLTs will serve as an umbrella CLT and serve many smaller developments or scattered-site homes. This is separate from a project-specific CLT that would exist for only one larger development, which is much less common.

## Application

General

**Q:** *I've been doing these on the rental side of the house, and the last version had multiple errors in the workbook. So, I’m curious if you’ve checked the formulas fairly thoroughly? And what would happen if we discovered errors in the workbook while we’re filling it out?*

**A**: We have tested the complete application multiple times, but that does not make it immune to errors. If any errors are discovered, please reach out to [HO.Development@hcs.oregon.gov](mailto:HO.Development@hcs.oregon.gov). The error will be fixed in the blank template document and announced to all applicants. Applicants who have already started their application may either copy/paste responses into the new blank document or send the partially completed document to [HO.Development@hcs.oregon.gov](mailto:HO.Development@hcs.oregon.gov) to have OHCS fix any errors. In some cases, applicants may be able to complete and submit their application without noticing or being impacted by the error (such as a formula miscalculation). In these cases, OHCS will make any necessary changes during scoring.

Development Schedule

**Q**: *We consider start of vertical construction, excavation/site prep for the foundation. Can you let us know if you have a differing definition?*

**A**: OHCS Homeownership Development considers vertical construction to begin with pouring the foundation.

Sources & Uses

**Q**: *Define “highly likely” for funding sources.*

**A**: Applicants may determine whether a source is “highly likely” for the purposes of the application, but in general this means that your organization considers this source very likely but does not have official commitment. Applications will be scored only on the percentage of funding that is committed, and all funding sources must be committed prior to closing the LIFT loan.

**Q**: *If we own land outright, do you consider that a source?*

**A**: We would like you to include the cost of land acquisition, even if it is something you’ve already purchased and owned or if it was a donation. In that case, please include the cost of land in your Uses section and the existing land ownership or donation in your Sources as “cash.”

**Q**: *Does the way you structured the proforma, is there sources for construction and permanent financing? Just construction? Just permanent? How is that structured? It’s essentially takeout financing, and then we have takeout sources, that is essentially the mortgages. But there could be other permanent sources that are permanent grants.*

**A**: Our proforma is currently structured for standard home sales. There should be a source included for sales proceeds which will account for the mortgages. If you are using alternative models of homeownership with permanent financing to be paid back over a longer period of time, please reach out to [HO.Development@hcs.oregon.org](mailto:HO.Development@hcs.oregon.org) to determine eligibility.

**Q**: *Regarding down payment assistance, how do you want us to show that or do you not want us to show that at all?*

**A**: You do not need to denote down payment assistance (DPA) anywhere in the financial portion of the application. When determining your sales price/sales proceeds, please have that number include any anticipated DPA. For example, if your homebuyer will receive a mortgage for $150,000 and DPA for an additional $50,000, we would want your sales price and sales proceeds to show $200,000 for that unit.

Follow up...

**Q**: *We’re actually selling our homes on a sliding scale to tailor. We’re factoring in the mortgage and the family’s income, and then creating a sliding scale based on what an affordable monthly mortgage payment will work out to be. A) What we bring in from our mortgage is a real moving target depending on what the actual incomes of the households are and what interest rates are. B) The sales price. The difference between what the family can afford and our affordable base price is, we make that difference with a 0% forgivable mortgage. That’s what we call it but it’s really just a fiction. So, it’s hard to capture that in a spreadsheet. Do you have any suggestions?*

**A**: This is common in Habitat models and we understand the difficulty in reflecting that in the spreadsheet. Most Habitats list a single price for each unit type (rather than the sliding scale) and use that single price for the sales proceeds calculation. That is up to the applicant to determine what price to list on the application, and we will typically note in the files that the price will be variable on buyer.

**Q**: *What is the recommended escalation rate to use?*

**A**: To receive points, OHCS recommends a minimum 3% escalation.

**Q**: *Regarding the Proforma section of the application: Columns G, H, and I have years in them so are you asking here to have the construction cash flow? So you have the budget in column C, and then construction cash flow over the build out in column G, H, and I?*

**A**: That’s correct, we’d like to see roughly how your financing and expenses will occur over the 3-year build period. We understand that there will be some estimates in the spend-down schedule, and that is acceptable.

**Q**: *Regarding developer fee section, (section N?). It says, “10% of the total project costs may not increase above what was included in the application.” This is something in the past we have put in a much lower developer fee than 10%, maybe 5%, with the disclaimer that if we don’t use all of our contingency or escalation, or if interest rates go down or something like that, and we have more profit, we can take it as part of the 10% developer fee. Is that prohibited this year?*

**A**: If you intend to plan a lower developer fee with additional profit if the contingency doesn’t need to be used, we recommend adding a “deferred developer fee” line to the Sources page for the maximum amount that you might reclaim from the contingency. Please note that if you opt to do this, the formulas calculating net profit will be incorrect and OHCS will calculate the net profit separately. Regardless, net profit should never be above 10%.

Capacity & Experience

Equity & Engagement

**Q**: *In the demographics section, once the demographics populate for the county you are serving, how do you know if we are underperforming or overperforming on serving that demographic? And since we have not yet selected the people before we apply, you just want us to base it on historical numbers for homeowners?*

**A**: There are spaces below the auto-populating numbers to fill in your own demographic details – that is what we will base representative scoring on. This should be filled with historic data, and you may include a timeline that is appropriate for you and your internal data. We would recommend at least 3 years of data if that is available.

## Other Documents

General

**Q:** *If we have submitted applications in previous years, can we submit the same documents such as the site checklist that we submitted before, or do we need to redo them?*

**A:** Some documents, like your site plan or zoning form may be resubmitted. Other forms, such as the site checklist, may have changed since your first application. Older documents may be accepted, but please confirm whether the form has changed before submitting.

**Q:** *The requested naming conventions tells us to include the NOFA number. What is the NOFA number?*

**A:** This year the NOFA number is 2024-HOD.

Appraisal

**Q**: *Can you please note again the date requirement around the appraisal? It needs to be within how many months of the application award?*

**A**: To close on your loan, OHCS requires appraisals to be dated within 1 year of application date. We will accept appraisals dated up to 2 years prior to your NOFA application date for the application process and scoring. If the appraisal submitted with application is too old by closing, you may be required to complete a new appraisal. Your LIFT loan will be valued by the appraisal submitted with your application, and your award will not be increased if the new appraisal is higher.

**Q**: *Regarding appraisal. Is that due at Procorem application submittal?*

**A**: Yes, appraisals must be uploaded to Procorem prior to submitting your application.

Financial Documents

**Q**: *Regarding documentation, I see you required the financial statements from the last 2 years, but I didn’t see things like the IRS letter. Do you need that stuff?*

**A:** Yes, please consider the IRS letter part of your Organizational Documents, which are listed in the Documents tab.

**Q:** *Do you require evidence of Cash and other items lifted in Sources?*

**A:** Yes, evidence of all Sources should be included under the “Evidence of Funding” item in the Document Checklist tab of the application.

**Q:** *Do you require evidence of ‘Highly Likely’ Sources?*

**A:** We would appreciate some documentation, such as what the source is and why it is considered highly likely. This would make transition to underwriting easier. However, this is not required.

Zoning Form

**Q**: *On the attachments under zoning, historically OHCS has provided a form and here it says just prove that the zoning is accurate. Can we use that old form or what do you want us to use?*

**A**: Please check your Procorem workcenter to find a zoning certification form that can be completed by your local zoning jurisdiction. If you already have a workcenter available to you, this document has been added. If you do not see the zoning form in the Blank Forms folder, please reach out to [HO.Development@hcs.oregon.gov](mailto:HO.Development@hcs.oregon.gov)

Site Plan

**Q:** *How specific does our site plan need to be? Do you need all of the measurements such as curb height, entrance cut, exact utility layout, etc?*

**A:** We are looking for a preliminary site plan. We understand that as you go through permitting, you’ll need to get into these details and will likely need to make adjustments to these specifics. Ultimately we’d like to see the site, layout of any roads/parking, structures, etc.

Phase 1 Environmentals

**Q:** *We have already completed a Phase 1 environmental assessment, even though it is not due at time of application. Does the assessment need to have been completed within a certain time range?*

**A:** Yes, we do. Our requirement for Phase 1s is that they need to be dated within 1 year of your application to the NOFA. If your existing Phase 1 is older, you will need to complete a new one prior to closing if you are awarded.

**Q:** *If the infrastructure has already been developed on a site, does it change anything with the Phase 1 process or requirements compared to bare dirt?*

**A:** We will still need a Phase 1 regardless of whether infrastructure has been completed on the site or not. We suggest discussing with your environmental firm how to handle existing infrastructure.