

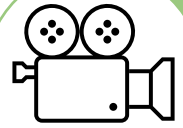
OREGON HOUSING AND COMMUNITY SERVICES

HOD NOFA #2025-HOD Pro Forma Training Session

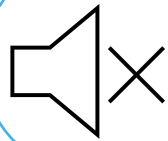


January 23, 2025

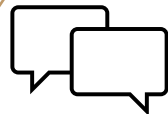
Housekeeping



The meeting will be recorded. Recording and slides will be posted to our website afterwards.



Please stay on mute.



Enter questions and thoughts in the chat at anytime.



During the discussion section, please raise your hand to speak.

Agenda

Introduction

Proforma Components

- Funding Sources
- Sales Proceeds
- Project Uses
- Cash Flow

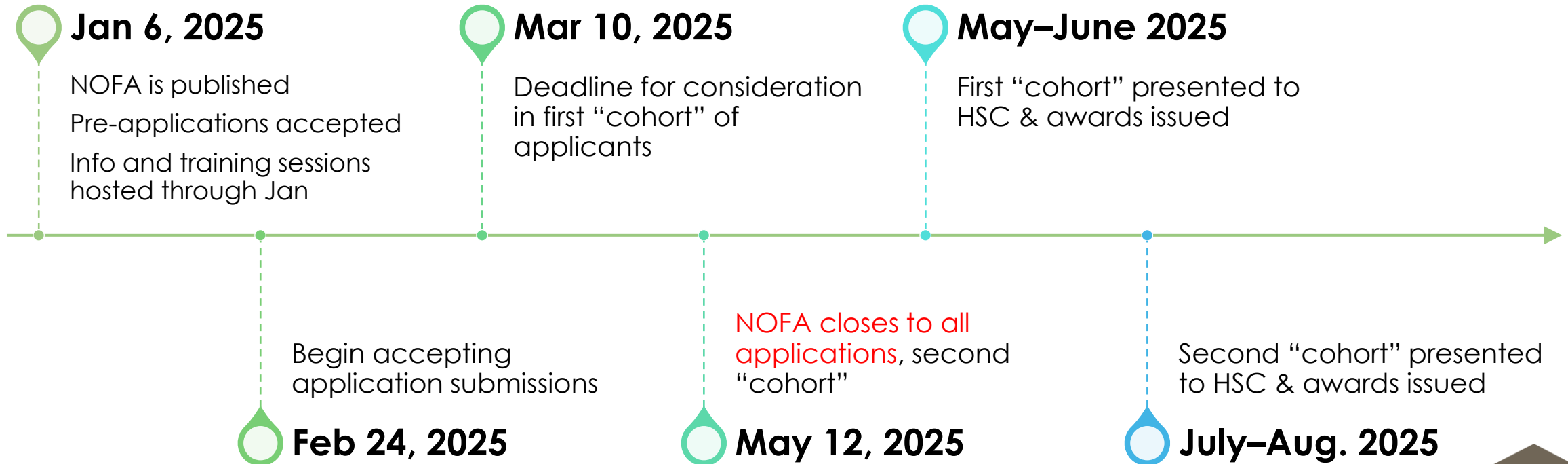
Special Scenarios

- Cash-on-hand
- Deferred developer fee
- Paying a loan with another loan

Documents

Closing

NOFA Timeline





Pro Forma

- A tool that helps estimate the financial feasibility and profitability of your development project.
- A financial projection of:
 - Financing Sources
 - Income (Sales Proceeds)
 - Project Uses (Expenses)
- A balanced pro forma is required for all LIFT projects

Funding Sources



Where the funding will come from to build your project.



Will need to distinguish between funding that is given to the project and funding that needs to be paid back with sales proceeds.



OHCS requires at least one funding source in addition to LIFT and Sales Proceeds.



Sources must be committed or highly likely at application. All sources must have commitments by closing.



Submit evidence of source such as Letter of Intent with application.

Examples of Allowable Sources



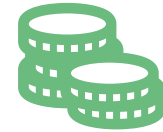
General

LIFT
Grants
Sales Proceeds
Land Donation



Loans

Land Acquisition
Preconstruction
Construction
Line of Credit



Equity/Cash

Investment in Project
Donation to Project



Income

Store Proceeds
Mortgage Proceeds

Common Unallowable Sources



Fundraising Campaigns

OHCS cannot approve proformas listing potential donations in the future if there is not a commitment from the donor. This includes large donations and general anticipated income from donations.



SDC Exemptions

OHCS can only approve SDC exemptions as a source if they can be obtained/committed prior to closing.



Loans with First-Position Liens at Closing

Other than construction financing with an intercreditor agreement, projects cannot have additional loans requiring first-position liens on the property after financial closing.

OHCS Pro Forma Sources

	Source of funds	Total Amount	Year 1: Anticipated Amount	Year 2: Anticipated Amount	Year 3: Anticipated Amount	Type*	Interest Rate	Term (months)	Repaid with Sales Proceeds? (if no, explain in Other Details)	Total repaid at occupancy (if applicable)	Status	Other Details
	<i>Example Source of funds</i>	\$ 150,000	\$ 50,000	\$ 50,000	\$ 50,000	Loan	1%	36	Yes	\$ 150,000	Committed	<i>Loan will start repayment upon house sales. Interest increases after 3 yrs.</i>
Committed Sources	Sales Revenue/Proceeds from Sales (complete table below)	\$ -	\$ -	\$ -	\$ -	Cash						
		\$ -										
		\$ -										
		\$ -										
		\$ -										
		\$ -										
		\$ -										
		\$ -										
		\$ -										
		\$ -										
Highly Likely Sources	LIFT	\$ -				Loan	0.00%	NA	No	\$ -	Applied	
		\$ -										
		\$ -										
		\$ -										
		\$ -										
	\$ -											
	TOTAL PROJECT SOURCES	\$ -	\$ -	\$ -	\$ -					\$ -		

Sales Proceeds

Estimated income from the sale of each home.

Sales proceeds must be provided for each home type (bedrooms/bathrooms) and AMI level if multiple served.

Sales price must be affordable to an 80% AMI household in your county (AMI Limits), **regardless of Down Payment Assistance.**

Only consider income that will be paid to you. Do not consider value of soft-second mortgages or other investment from your organization

You'll need to describe how you know there's a market for homes at this sales price

Example Buyers of a \$250,000 Home

- Household 1 pays \$20,000 down payment and receives a \$230,000 mortgage.
- Household 2 received a wildfire grant that pays the full \$250,000 purchase price.
- Household 3 receives \$50,000 in down payment assistance. They also contribute \$5,000 and receive a \$195,000 mortgage.



Soft Second Mortgages

- Some developers use soft second mortgages that fill the difference between the market value of the home and the affordable sales price.
 - May be forgivable over time or collected if a home is ever sold at market rate.
- For example: The previous home could sell for \$400,000 on the market but is being sold for \$250,000. The soft-second mortgage might be \$150,000.
- **Do not** count soft second mortgages in the sales price or sales proceeds.

Example 2

- Mary buys a LIFT-funded home. She receives \$20,000 in down payment assistance, contributes \$5,000 of her own savings, and a nonprofit helped her build an IDA with an additional \$10,000. She receives a mortgage for \$195,000 and the developer places a ~~\$100,000~~ soft second mortgage on the property. What is the sales price?

$$\begin{aligned}\text{Sales Price} &= \$20,000 + \$5,000 + \$10,000 + \$195,000 \\ &= \$230,000\end{aligned}$$

Considerations in Determining Sales Price

What household size will fit in your home?

- Consider your focus community
- Consider allowing room to grow
- Don't price assuming all buyers will be the maximum household size for the number of units

What AMI are you targeting?

- You may earn additional points for homes at 60% AMI. Include this in your pro forma.
- Don't assume that your buyers will earn exactly 60/80% AMI, allow some wiggle room.

How much home can a household at that size and AMI afford?

- Consider using a mortgage affordability calculator that considers debt, interest rate, and other factors.
- Consider other resources available to buyers such as down payment assistance (but don't increase sales prices if DPA is available!)

When will you be selling a home?

- AMI levels typically increase a little each year
- How might interest rates change?
- Consider pricing lower than needed early so you can increase prices if there are cost overruns or interest rate increases.

OHCS Pro Forma Sales Proceeds

	Site	Bedroom Count	Bathroom Count	# of Stories	Total No. of Unit Type	Year 1: Anticipated Units Sold or Occupied	Year 2: Anticipated Units Sold or Occupied	Year 3: Anticipated Units Sold or Occupied	Ownership Model	Percent of Median Income as adjusted for family size will not exceed	Actual Square Footage of Unit*	Total Square Footage	Sales Price**	Total Expected Sales Revenue
<i>Example:</i>	1	2	1	1	5	0	2	3	Land Trust	80%	1000	5000	\$ 220,000.00	\$1,100,000
					0							0		\$0
					0							0		\$0
					0							0		\$0
					0							0		\$0
					0							0		\$0
					0							0		\$0
					0							0		\$0
					0							0		\$0
					0							0		\$0
					0							0		\$0
					0							0		\$0
Totals		0	0	0	0	0	0	0			0	0	\$ -	\$ -

If "Other Shared Equity" was selected in column "K", please explain here:

Project Uses

Acquisition Costs

- Include the land value if it was donated/granted, but also include the value donation as a source.

Hard Costs

- Site work/horizontal costs include all costs to prepare the land to develop the units
- Vertical construction/structures includes all costs associated with the units
- Itemized estimates or other itemized evidence of costs are required with application

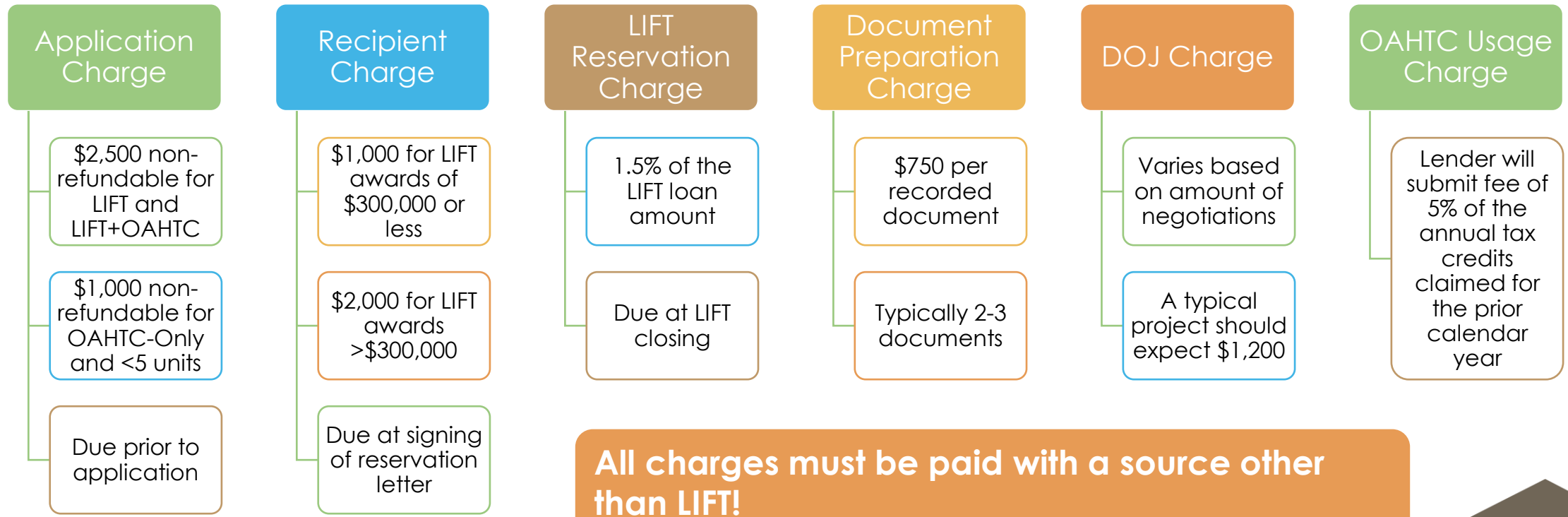
Soft Costs & Administration

- All indirect expenses are included here. Ensure costs are reasonable.

Contingencies and Escalation

- Consider contingencies to cover costs if they arise, but also note lower project costs may result in returning LIFT funds

OHCS Charges

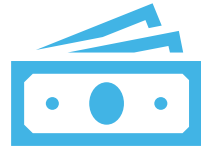


Expense Requirements



Contractor Costs

14% of associated costs
10% of associated costs
if an identity of interest
exists



Net Profit

Developer Fee + Net
Profit is no more than
10%



Contingencies

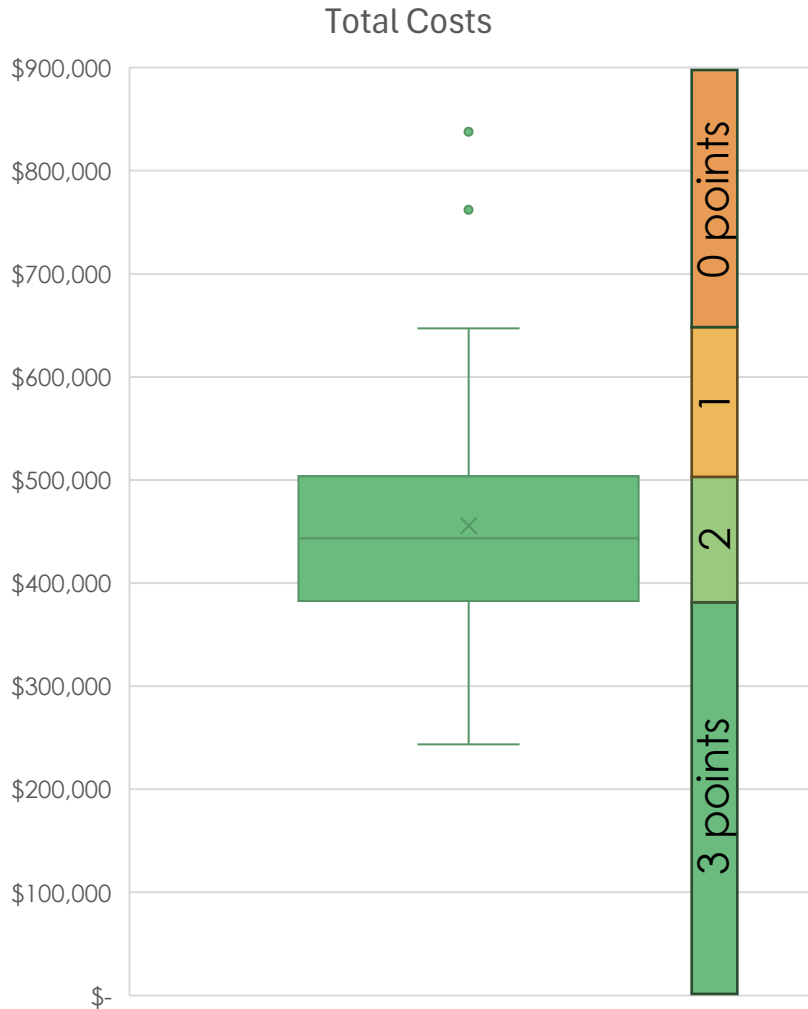
Contingencies are <5%
of associated costs
Escalation are no more
than 10% of associated
costs



Overall Proforma

Must balance with no
gaps!

Evaluation of Costs



- Replacement for RS Means - evaluated total project costs for LIFT over the last 3 years
- OHCS will award points based on which quartile the proposed project falls in.
- There is no maximum cost per unit if you can make it pencil, the project will just need to earn other points in that category

Cash Flow



Projected availability of financing and income, and projected timing of costs over the life of the development.



Cash flow must evaluate costs for the 3 years of the allowable LIFT timeline.



Sources and uses must balance for each year in addition to the proforma as a whole.



The required third source must be available in the first year to cover OHCS charges.

Walk-Through Demo



Special Scenarios



Cash on Hand

Source of funds	Total Amount	Year 1: Anticipated Amount	Year 2: Anticipated Amount	Year 3: Anticipated Amount	Type*	Interest Rate	Term (months)	Repaid with Sales Proceeds? (if no, explain in Other Details)	Total repaid at occupancy (if applicable)	Status	Other Details
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Sales Revenue/Proceeds from Sales (complete table below)	\$ -	\$ -	\$ -	\$ -	Cash						
Cash on Hand	\$ 500,000	\$ 500,000	\$ -	\$ -	Cash			No			

- Cash on hand that is donated to the project, select “No” for Repaid with Sales Proceeds.
- Cash on hand that is invested in the project and should be paid back, select “Yes” for Sales Proceeds.
- If only part of the funds will be paid back, you can adjust the amount in the Total repaid at occupancy column

Deferred Developer Fee

- If the deferred development fee means a developer won't take any payment until the completion of the project, just reflect that in the cash flow, don't list it as a source.
- If the deferred development fee means that they will base their profit on use of contingency, list it as a source, but **do not** include it as being repaid with sales proceeds. It does need to be counted as profit.
- Do not include deferred developer fee as your required third source or only year-one source.

Paying a Loan With Another Loan

Source of funds	Total Amount	Year 1: Anticipated Amount	Year 2: Anticipated Amount	Year 3: Anticipated Amount	Type*	Interest Rate	Term (months)	Repaid with Sales Proceeds? (if no, explain in Other Details)	Total repaid at occupancy (if applicable)	Status	Other Details
Example Source of funds	\$ 150,000	\$ 50,000	\$ 50,000	\$ 50,000	Loan	1%	36	Yes	\$ 150,000	Committed	Loan will start repayment upon house sales. Interest increases after 3 yrs.
Sales Revenue/Proceeds from Sales (complete table below)	\$ -	\$ -	\$ -	\$ -	Cash						
First-Year Loan	\$ 500,000	\$ 500,000	\$ -	\$ -	Loan	1.00%	12.00	No			An additional \$500,000 in year
Construction Loan	\$ 1,000,000		\$ 500,000	\$ 500,000	Loan	3.00%	36.00	Yes	\$ 1,500,000		2 will repay the First-Year loan

1. List the first loan's full amount, select "No" in Repaid with Sales Proceeds
2. List the loan that is repaying the first loan separately. **Do not include the amount you are repaying.** Only include funds that are available to the project costs.
3. Select "Yes" for Repaid with Sales Proceeds for the second loan, and update the "Total repaid at occupancy" to reflect the full amount of the loan.
4. Include an explanation in "Other Details"

Documents



Closing



Technical Assistance

One-on-One Assistance

Official Training

- General LIFT & NOFA Training
- Technical Assistance (Scoring and Application)
- Proforma 101

We CAN answer

- Will LIFT work for my project?
- Does my project meet the minimum eligibility requirements?
- What do you mean by this question in the application?
- How do I handle a deferred development fee in my proforma?

We CAN'T answer

- How do I become a developer/CLT/GC/etc?
- Can you recommend a lender/GC/project mentor/other partner?
- How can I answer this question to get the most points?
- Can you look over my application and let me know if this will pass?

Application Process Touch-Points

- After pre-application
- After preliminary review
- After threshold review
- Before HSC approval

Email: HO.Development@hcs.Oregon.gov

Resources

Refer to the [NOFA Website](#) for postings, announcements, FAQ, and other details

Refer to the [LIFT Manual](#) for additional context and requirements of LIFT

Refer to the [OAHTC Manual](#) for additional context and requirements of OAHTC

Recordings of Training Sessions and FAQ will be posted soon!



Thank you for your time!

Have a great rest of your week!

