

2024 Multifamily Programs Workshop

JANUARY 30, 2024

Agenda

- Introductions
- 2024 Qualified Allocation Plan Updates
- 2024 Multifamily Tax-Exempt Bond Authority Program Description
- Document Training
- Multifamily Process
- Thomas Application Updates

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2024 Application Cycle

2024 MTBA Round One

- THOMAS application editing starts 02/23/2024
- THOMAS application editing ends 03/22/2024

2024 Competitive Cycle

- THOMAS application editing starts 03/04/2024
- THOMAS application editing ends 04/08/2024

Registration for both cycles will open two business days before application editing period.

Changes in the 2024 QAP

- Final 2024 QAP reorganized into 3 parts
- Uniform minimum construction standards incorporated by reference, final version available on website – additional requirements above code are in force **only** if NHTF is utilized
- A Permanent Supportive Housing Set-Aside has been incorporated into the 2024 QAP
- A Twinning Set-Aside, modeled in part on the late Innovation Set-Aside, has been incorporated into the proposed final 2024 QAP

Changes in the 2024 MTBA

- Section 3.D.3: The PD has added provisions that require new program participants that receive a first allocation of MTBA in 2024 to await the issuance of IRS Form(s) 8609 for the first allocation before applying for subsequent allocations for a new project – not applicable to pre-2024 recipients
- Section 5.A.2: The PD will set aside MTBA volume cap for the “bundled” USDA RD transaction that was previously awarded in 2022 that experienced federal agency delays outside their control
- Section 5.A.3: The PD will accommodate up to two Twinning developments as outlined in the 2024 Low Income Housing Credit Qualified Allocation Plan.

Changes in the 2024 MTBA

- Section 8: Waiver of Qualified Contract is required to participate in the bond program. Points previously awarded to non-QC proposals have been evenly distributed across the pertinent Development Characteristics scoring (Section 8.D.3. for New Construction, 8.E.3. for Rehabilitation).
- Section 9: The ranking process for Round 1 will prioritize Rehabilitation, and for Round 2 the priority will be New Construction. Supplemental Requests will be funded at the end of each round, ceiling availability permitting
- Section 10.B.4: Applicants that encounter undue delays due to a Federal Agency's inability to adhere to timelines may be considered for a carryforward of MTBA volume authority
- Uniform minimum construction standards incorporated by reference, final version available on website

National Housing Trust Fund

National Housing Trust Fund:

**Now Housed Under
Multifamily Programs**

National Housing Trust Fund

- **Change from grant to loan.** All NHTF awards will be structured as a deferred low-interest loan, based on the Applicable Federal Rate (“AFR”), due at maturity with a Period of Affordability of thirty (30) years.
- **Change in eligibility for NHTF funds.** To be eligible, a project must receive an allocation of 2024 competitive LIHTC **and** be **either** a project located in a Rural County, **or** a project proposing permanent Supportive Housing, as defined in the 2024 NHTF Program Description and the 2024 QAP, respectively.

National Housing Trust Fund

Rural Definition for NHTF:

- A county that has a population of 50,000 or less is defined as “rural” by the US Census Bureau and/or;
- A county has a minimum of 65% of its population living in a rural area is defined as “rural.”

Initial Application Best Practices

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Level 1 Site Control

- A. Purchase / lease contract / option must extend at least to 10/08/2024 (6 months from 2024 Competitive Cycle Deadline.)
- B. Documentation must clearly state purchase price.
- C. Ground lease must have minimum 50 year term & no provisions for termination/reversion before extended use period expires (possible PILOT terms exception.)
- D. Assignment to Option / Contract for Sale require underlying contract.
- E. Documentation signed by proper parties.
- F. Not eligible for land costs if land costs were included in prior allocation.

Level 2 Site Control

- A. Title Commitment indicating Level 1 Site Control executed by property owner.
- B. Must be dated within 60 days of Initial Application Deadline.
- C. Levels 1 & 2 legal descriptions must be consistent. If not, include Ownership Entity's sworn affidavit.
- D. 2024 QAP: Title Commitment insures Ownership Entity or its GP/Managing Member. **Insured cannot be TBD.**

Zoning Letter

- A. Issued & signed by local zoning administrator or chief elected official.
Signature by 3rd party vendor/contractor unacceptable.
- B. Clearly identifies subject property & covers all parcels.
- C. Clearly identifies current zoning & special use designations.
- D. Project description: number of units, proposed use & construction type.
“Multifamily” or “Apartment Complex” insufficient.
- E. States that current zoning will permit proposed development.
- F. At Initial: may state final approval will be determined upon review of site plans. Must confirm that proposed use, density, & construction type would be allowed.
- G. Unacceptable: maps or copies of zoning regulations. Applicant must submit evidence that regulations allow proposed development.

Market Study

- A. Include THDA Table of Contents toward the front.
- B. Final version with all pages, not draft.
- C. For small revisions, provide addendum. Full market study resubmission requires re-review of complete report.
- D. Analyst must define PMA.
- E. Explain any unusual methodological choices:
 - Comparable properties outside PMA
 - No comparable senior-only properties available for proposed senior development
 - Entire county used as PMA for non-rural county

Shape Files

- A. Multifamily does not have software to open; forwarded to Research Division.
- B. THOMAS cannot accept zip. Email zip to tnallocation@thda.org

Appraisal

- A. Submit THDA Land / Land & Building template as standalone document, not inserted into appraisal.
- B. No older than 6 months; performed by independent 3rd party.
- C. Complete THDA template. “See report” unacceptable.
- D. Prospective values required. Include cost, market & sales approaches to value. 4 values required for existing: as is/hypothetical restricted/market.
- E. Three year operating expenses required.
- F. 2024 QAP: Comps geographically close to subject property. More than 100 miles requires explanation.
- G. Document must be final version & uploaded to correct folder.
- H. All information complete, correct & consistent with appraisal & application. If land/building costs appear in THOMAS, Final Application will be compared to Appraisal provided at Initial.

Physical Needs Assessment

- A. Report & physical inspection within the last 6 months
- B. Exhibit A-PNA
- C. Property Description
- D. Existing Condition
- E. Code & Program Violations
- F. Immediate Physical Needs & Costs
- G. Long Term Capital Needs
- H. Identity of Interest Statement
- I. Fannie Mae Useful Life Table: Extended Use Table must list remaining useful life for all items
- J. Document must be final version & uploaded to correct folder.

On-Site Inspection

- A. 25% of units
- B. All vacant & down units
- C. One unit in each building
- D. One of each unit configuration type
- E. One of each accessible unit type
- F. All community/common areas
- G. Note any suspected environmental hazards

Proposed Scope of Work: Show All Costs

- A. Show all costs related to eligibility, threshold items, or points.
- B. Include materials, quantities, unit costs, total costs. Hard costs must match THOMAS.
- C. MTBA: evidence Limited, Moderate or Substantial Rehabilitation. Exhibit B-PNA.
- D. Costs incurred complying with federal, state and local accessibility regulations
- E. Costs to address immediate physical needs PNA identifies
- F. Clearly label Developer's Scope of Work. Upload to Physical Needs Assessment folder.

Site Utilities

Documentation must state proposed development location.

Statement of Application & Certification

- A. Two statements for 4% applications: Statement of Application & Certification; THDA MTBA Statement of Application & Certification.
- B. Executed by listed member of Ownership Entity.

Certificate Regarding Eligibility for LHC

- A. Certificate of Existence attached if entity organized.
- B. Signed in individual capacity.

Certificate Acquisition Housing Credit

Required if applicant requesting acquisition credits.

Certificate for Affirmatively Furthering Fair Housing Market Plan

2024: THDA will be publishing template.

Disclosure

- A. Signed
- B. Notarized **at time of signature**
- C. Matches Ownership & Developer Organizational Breakdown

THDA Organizational Breakdown

- A. Attachments 15 & 16 A/B/C required in addition to Owner & Developer Organization Charts.
- B. Same entities & individuals should be listed in THOMAS, Org Chart & Org Breakdown.

Set Aside Documentation

If THDA Template published, must be fully completed & all supporting documentation included.

Bond Documents

A. Required THDA Templates:

- Bond Purchase Agreement
- Bond Opinions
- Statement of Application & Certification
- MTBA Statement of Application & Certification
- Issuer Certification

B. Deferred Developer Fee Note consistent with THOMAS required.

Scoring Documentation

- A. Certain scoring items require documentation.
- B. THOMAS will open folders triggered by scoring response.
- C. Ensure Scope of Work reflects all items claiming points.

Financial Feasibility

- A. THDA creating 2024 Financial Feasibility Handbook.
- B. LIHTC Calculation
 - Confirm requested credits do not show gap in sources & uses. Tax credit calculation on Total Development Cost screen will be used to determine potential gap.
 - Allocation will always be minimum amount of credit to make development feasible.
- C. Ensure THOMAS matches uploaded financial documents.

Pro-Forma

- A. THDA will be publishing template.
- B. Fully complete 30 year financial Pro-Forma required. Updated Pro-Forma required at Final.
- C. List assumptions, expense & revenue factors.
- D. Show deferred developer fee repayment.

Process Reminders

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THOMAS Phases

A. MTBA

- THOMAS cannot return application for editing once Firm Commitment Letters issued.

B. Competitive

- Applicants may make certain updates at Carryover.
- Applications can be returned for certain updates before equity closing.

Action Requests

A. Waivers

- Enter short explanation & upload Waiver Request.
- 2024: Waiver requests only reviewed in Waiver folder.

B. Modifications

- Enter short explanation & upload Modification Request.
- Modification Fee due at time of request.

C. Supplemental

- Enter additional fund amount, applicable round & short explanation.
- Upload Supplemental Request on letterhead.

D. Extension

- 2024: Firm Commitment extensions requested in THOMAS.
- Applicant will receive email regarding decision.
- Module being improved.

Contacts

- Assigned coordinator listed in THOMAS is initial contact for any issues/concerns.
- Files may be reassigned.

Evaluations

A. MTBA

- One 7 day evaluation period to respond to Evaluation Notice findings.
- Uncured deficiencies may remove application from consideration.

B. Competitive

- Cure Period: opportunity to clear deficiencies.
- Review Notice: includes any remaining deficiencies.
- Final Notice: provides final score and outcome of Review Appeal Hearing if applicable.

C. Applicant With Other Developments in Pipeline

- Construction Reporting reviewed for current reporting.
- Verification of Compliance reviewed for non-compliance events.

Ranking

A. MTBA

- All developments will be given Program Description Score.
- PD lists ranking groups.

B. Competitive: Note difference between Housing Credit Ceiling & Competitive Housing Credit Ceiling.

- Housing Credit Ceiling includes current year LIHTC allocation, returns of LIHTC (exchanges & returned allocation), & past year carryforward.
- Competitive Housing Credit Ceiling is amount available after certain set-asides & priorities deducted.

MTBA Firm Award Process

- A. Commitment Letter lists fees & requirements necessary for award to remain valid.

- B. Closing
 - Milestone needed to begin construction.

 - Commitment Letter 2 f-h requires upload after closing:
 - i. Bond Closing Letter (THOMAS Documents)

 - ii. Elected Local Approval of Bond Issuance

 - iii. Owners AFFH Plan (provided by applicant)

 - THDA will stage Construction Module after closing. See THOMAS Manual section regarding Construction.

Competitive Award Process

- A. Only developments on Preliminary Ranking List may be offered Reservation Notice.
- B. Staff closely review financial feasibility and may decrease award amount before issuing Reservation Notice.
- C. Applicants should begin assembling required documentation once awards announced.
- D. Carryover Agreements
 - THOMAS opens for limited time to allow applicant to address updates, findings & other minimal changes.
 - Carryover Agreements will be issued in the fall.
- E. Equity Closing
 - Milestone needed to begin construction.
 - Applicants should upload closing documents once equity is closed.

Construction

- A. Different THOMAS Module.
- B. Once equity/bonds close, applicant must comply with QAP construction requirements.
- C. See THOMAS Manual Construction section for Pre-Construction Requirements.
- D. After Pre-Construction, limited portions of application can be edited.
- E. Remember: there is now one Application Module & one Construction Module.
- F. Construction Analyst & Primary Construction Contact:
Chris Marlin cmarlin@thda.org

Construction

- G. Staging Compliance Module depends on applicant completing certain actions in Construction Module.
- H. Certain edits may be made during Construction editing.
- I. Major/Substantial changes constituting modification must be approved by THDA. Request modification using Action Request. Failure to seek approval can result in Minor SAE.
- J. Timely construction reporting is critical.
- K. Final Construction Upload in THOMAS:
 - Architect Certification (THOMAS Documents template)
 - Certificate of Substantial Completion issued by Architect
 - Certificate of Occupancy for each building
 - Final Draw Package

Final

- A. Final application available when Construction Reporting reaches 70% & THDA Construction Analyst approves.
- B. Important to keep up with Construction Reporting to begin Final Application editing.
- C. Owners should review Building & Unit addresses & ensure information for each BIN matches property management data. Inconsistent data may delay Owner Annual Certification & Tenant Data Reporting.

LURC

Email Sblack@thda.org with request for draft LURC or LURC Amendment.

Compliance

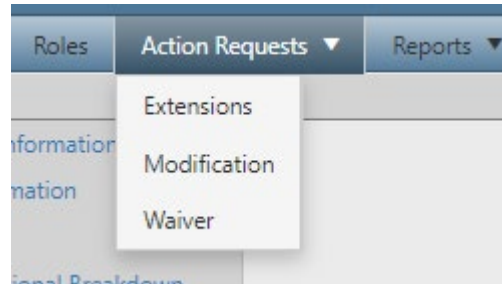
- A. Different THOMAS Module.
- B. Owners must work with Compliance team regarding access to Owner Annual Certification & Tenant Reporting Modules.
- C. Application Module Owner-Admin does not automatically synch to Compliance Module.

2024 THOMAS Updates

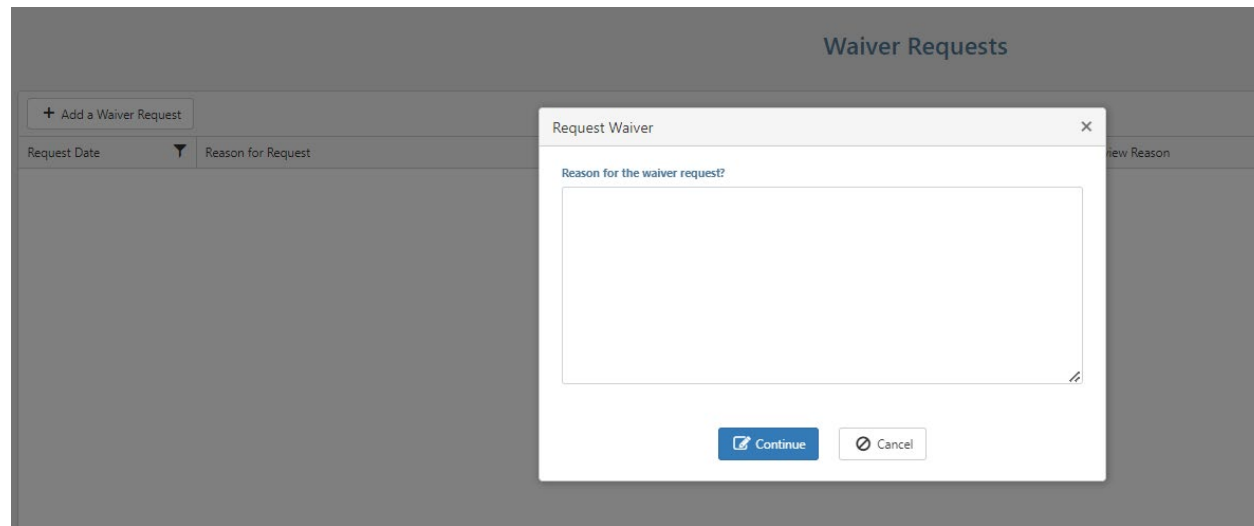
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Waiver Requests Added to Action Requests

- A. Under **Action Requests** menu, select **Waiver**.



- B. Enter description of Waiver Request.



Waiver Requests Added to Action Requests

- C. Upload official Waiver Request correspondence with any supporting documentation.

Request Waiver

Waiver Request

Please upload documentation to support your request.

Select files... *Drop files here to upload*

Submit Cancel

Waiver Requests

+ Add a Waiver Request

| Request Date | Reason for Request | Review Status | Review Date | Review Reason |
|--------------|--------------------|---------------|-------------|---------------|
| 1/25/2024 | xxx | Submitted | | |

Waiver Request Successful

Your request for a waiver has been submitted to THDA for Approval. You will receive an email when your request has been approved/denied, and until that time the request for Rolling Hills Apartments will appear on your THOMAS Home Page as "Submitted".

OK

Other Income

| Monthly Income Per Sq Ft | Expected Occupancy | Total Expected Monthly Income |
|-----------------------------|-----------------------|----------------------------------|
|-----------------------------|-----------------------|----------------------------------|

Under Total Expected income, language changed from “Monthly” to “**Annual**” Income Per Sq Ft & Total Expected Income.

Subsidies & Regulatory

New drop down boxes for USDA

Rental Assistance.

Choose **Yes** and enter **RD Contract**

ID Number.

Subsidies or Regulatory Requirements (Existing or Expected)

Does any portion of the funding for the Development directly or indirectly come from Federal, State, or Local government funds? Yes

Does your development have any Land Use Restriction Covenants (LURC) or any other Use Agreement currently placed upon it?

Does your development plan seek to preserve federally-assisted low-income housing which would otherwise convert to market?

Does your development plan seek to convert assisted low-income housing to market rate?

Was tax-exempt bond financing used?

Is a HUD or USDARD Subsidy Layering Review Request needed?

Name of Federally Insured Program?

Is HUD or USDARD approval for Transfer of Physical Assets required?

Has a HUD Choice Neighborhoods Initiative Implementation Grant been obtained?

Please describe the existing subsidy or regulatory requirement below

+ Add Existing Subsidy or Regulatory Requirement

| Program Name | Program Description | |
|-----------------|---------------------|---|
| USDA RD Program | test | <input type="button" value="Edit"/> <input type="button" value="Delete"/> |

Do you expect to receive or are you currently receiving any rental subsidies for this development?

Is this a Project Based Section 8 Contract?

Is this a USDA RD Rental Assistance Contract? Yes

Enter the RD Contract #

Annual Operating Expense Budget

“**Operating and Maintenance**” label added with “**Monthly Replacement Reserve Contribution per Unit**” and “**Monthly Replacement Reserve Contribution**” categories.

“**Monthly Replacement Reserve Contribution per Unit**” multiplies “**Monthly Replacement Reserve Contribution per Unit**” by “**Total Number of Units Planned**”

“**Total Annual Replacement Reserve Contribution**” multiplies “**Monthly Replacement Reserve Contribution**” by 12.

| | |
|---|------------------|
| Total Number of Units Planned | 228 |
| Total Annual Operating Expenses per Unit | \$4,259 |
| Total Annual Replacement Reserve Contribution | \$684,000 |

| | | |
|---|-------|-------------------|
| Operating & Maintenance | Fixed | Expense Questions |
| Pool (Supplies, Maintenance, Contracts) #6520 | \$ | 20 |
| Vacant Unit Prep (Carpets, Painting, etc) #6580 | \$ | 40 |
| Security Rent Free Unit #6531 | \$ | 20 |
| Supplies (not listed in other O & M line items) #6515 | \$ | 40 |
| Security Salaries #6530 | \$ | 20 |
| O & M Rent Free Unit #6521 | \$ | 40 |
| Heating/Cooling Repair Contracts #6546 | \$ | 20 |
| Decorating | \$ | 40 |
| Monthly Replacement Reserve Contribution per Unit | \$ | 250 |
| Monthly Replacement Reserve Contribution | \$ | 57,000 |

Other Updates

A. Set Asides

- Twinning applicants will upload the proposal if selected.
- Homeless applicants will upload the proposal if selected.

B. Proposed Funding Sources

- Competitive cycle applicants must answer the National Housing Trust Fund question that is being added to the screen.
- If applicant interested in NHTF, a subsequent question will appear.
- The amount of NHTF should be included in the sources above.

C. Scoring

- Scoring sheets have been updated per applicable program guide.

Important Links

- Low Income Housing Tax Credit Page
QAP and NHTF Program Description and other documents
<https://thda.org/rental-housing-partners/multi-family-developers/lihc-program>
- Multifamily Tax Exempt Bond Authority
MTBA Program Description and other documents
<https://thda.org/rental-housing-partners/multi-family-developers/multifamily-tax-exempt-bonds>
- THOMAS Documents
THDA Templates and Guidance
<https://thda.org/rental-housing-partners/multi-family-developers/thomas-documents>
- Housing Credit Compliance
<https://thda.org/rental-housing-partners/project-based-section-8/housing-credit-compliance>
- THDA Utility Allowance Listings
<https://thda.org/rental-housing-partners/eee/utility-allowances>
- THOMAS Link
<https://resources.thda.org/>

Contact

- To be added to the email list and stay abreast of Multifamily Programs Allocation activities, please email TNAllocation@thda.org
- Send specific QAP & MTBA policy questions to TNAllocation@thda.org
- Send technical THOMAS Questions to THOMAS@thda.org