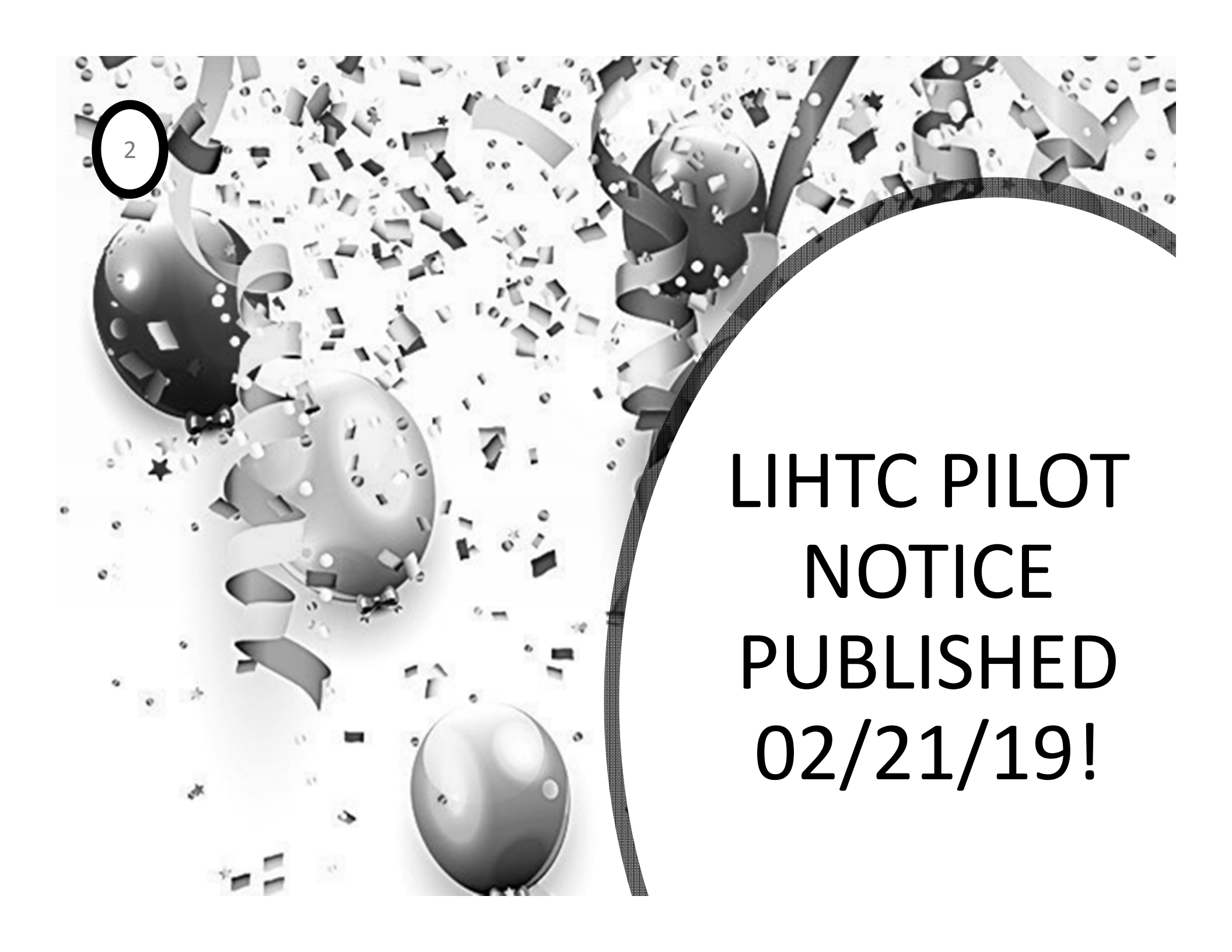


# Section 221(d)(4)/220 New Const./ Sub. Rehab. LIHTC Pilot Training

May 6, 2019  
Ft. Worth, Texas



LIHTC PILOT  
NOTICE  
PUBLISHED  
02/21/19!

# Why Are We Doing This?

1. Continue to meet the needs of the affordable housing shortage crisis.
2. Develop and Encourage Private/Public Partnerships.
3. It's our Mission.

# New Pilot- PURPOSE

Streamline the application review process and further align our programs with the LIHTC program.

- This Notice does not change our underwriting terms. This Notice changes the way we process Section 221(d)(4)/220 w/ LIHTC applications.

# Background

1991-2013	7-8% of FHA Volume with LIHTC
2008-2012	HERA required Pilot program being considered.
2012	Section 223(f) Pilot Notice publ.
2014-2015	Series of Memos issued. Pilot complete with 2016 MAP Guide.
2016	Reduced MIP for Affordable Deals published in CFR.
2016	MAP Guide Chp. 14

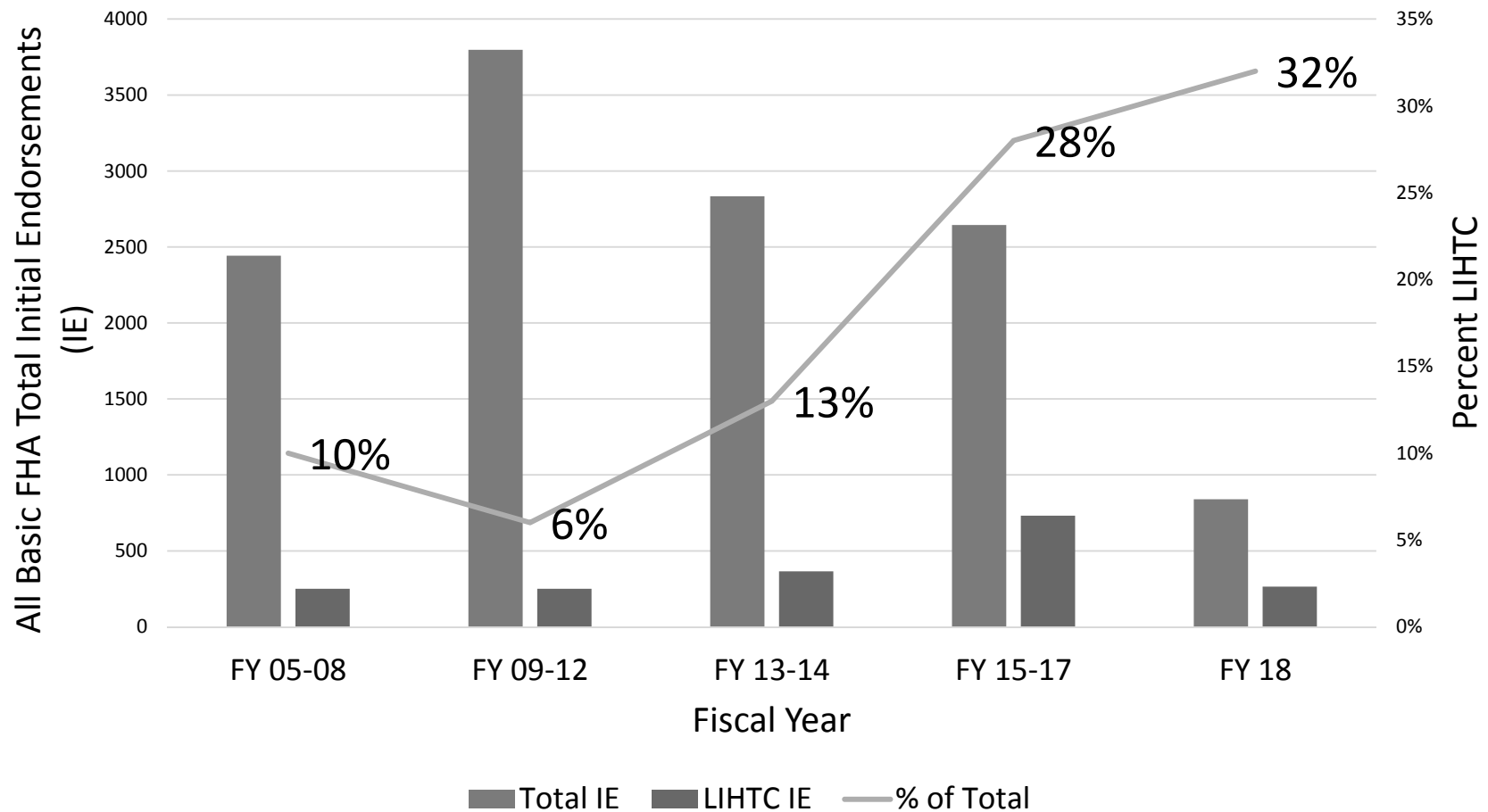
# FHA Tax Credit Program Highlights

- Lower MIP;
- Higher LTC/LTV Ratios;
- Lower Vacancy Rates;
- No Cost Certification if < 80% LTC/LTV;
- Mortgageable Developer Fees (see MG Appdx. 2);
- No Subsidy Layering Review
- 20% Equity Pay-In Requirement;
- Equity Installments thru Const.
- No tax credit escrowing requirements;
- Straight-to-Firm;
- Streamlined A&E/Cost Review;

# FHA Tax Credit Program Highlights

- 10% Assur. Of Compl.;
- Single Underwriter Model;
- EBLs for up to 80% of Equity Requ.;
- Lax RLC/NLC review requirements (> \$20 million);
- LLCI/Passive Investor Certification only, no credit review for Investor (typically 99.99% LP and 0.01%GP);
- Developer Fee + Builder/GC Profit is o.k. (Developer Fee + BSPRA NOT OK);
- Private debt up to 100% of Total Project Costs may be secured w/project;
- Concept Meeting optional
- Investor required reserves (IOD and Wkg. Cap) can be credited towards HUD's requ. Amounts.

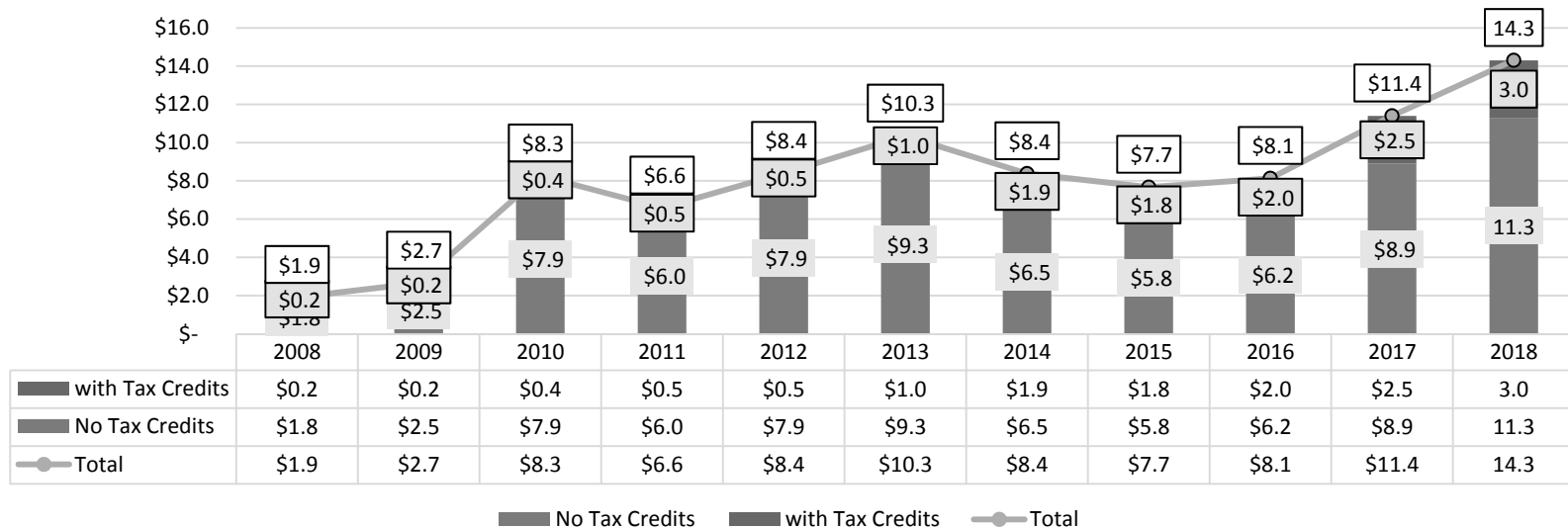
# LIHTC IE as % of All Basic FHA IE (excludes Risk Share)





# LIHTC \$\$\$ Volume 2007-2018

Historical FHA Multifamily Endorsements  
FYs 2007 through 2018  
221(d)(4) new construction/substantial rehab  
and Refi. Projects  
With and Without Tax Credits (\$ BB)



# New Pilot Q&As/ Hot Topics

# New Pilot Overview

# New Pilot- Benefits

- Allows staff to focus on more complex deals.
- Lets Lenders do what they do best- UW complex deals.
- Faster processing times.
- Increases possibility for better interest rates.
- Establishes Closing dates upfront.
- Better Communication.
- Allows additional lender oversight during construction phase (i.e. changes orders approved faster.)
- Encourages development in Opportunity Zones.
- Creates & preserves affordable housing.
- Teaches us what works and what doesn't.

# New Pilot- Goals

Expedited Approval Process track:

- **30** day Firm Appl. review + 60 days to Close

Standard Approval Process track:

- **60** day Firm Appl. review + 60 days to Close

How are we  
going to  
meet these  
timeframes?

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# Remember What We Are Dealing With.



# **New Pilot Deals are LOW Risk Deals.**

## **Eligible Deal Types**

### **Expedited Approval Process**

#### **Eligible Deal Types**

- 9% LIHTC, New Construction deals
- 4% or 9% LIHTC, Sub. Rehab. deals with Project-Based Section 8 HAP Contracts.

### **Standard Approval Process**

#### **Eligible Deal Types**

- 4% or 9% LIHTC, Sub. Rehab. projects being re-syndicated with LIHTC/Tax Exempt Bonds w/o Section 8 rental assistance.



# New Pilot- Expedited Approval Process

## 9% LIHTC, New Construction deals\*

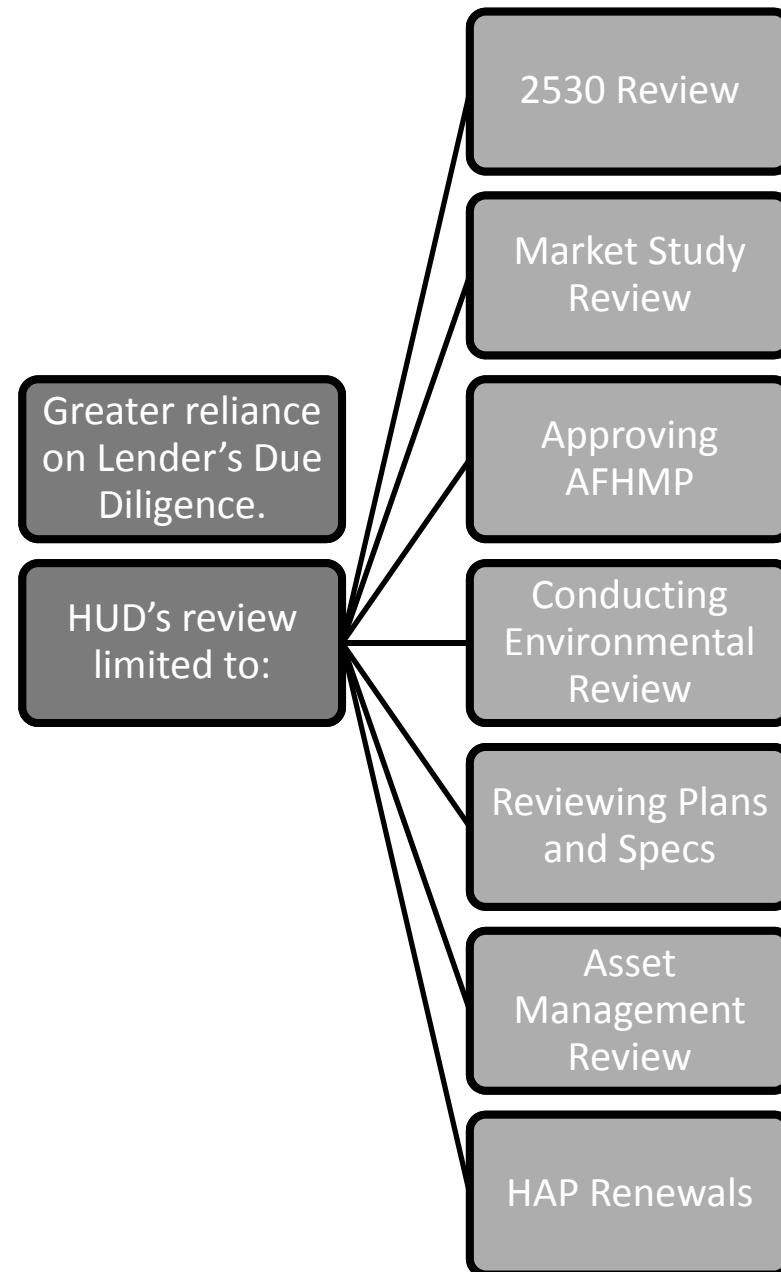
- New LIHTC allocation and new equity investment.
- 90%+ of units must be restricted for LIHTC occupancy.
- Achievable LIHTC unit rents will be at least 10% below market.
- LTC < 65%

## 4% or 9% LIHTC, Sub. Rehab. deals w/ Sec. 8\*

- Sec. 8 Contract covering at least 90% of the residential units.
- Projects must have a min. 15-year HAP contract.
- LTC < 75%

**\*Projects must have less than 200 units**

# Expedited Approval Process



# **New Pilot-**

## **Expedited Approval Process**

### **Greater reliance on Lender's Due Diligence.**

MAP Lenders and 3<sup>rd</sup> Party providers are responsible for determining the acceptability of the physical improvements, providing conclusions essential for underwriting determinations to minimize mortgage risk, and ensuring compliance with MAP Guide instructions and guidance.

Lender's responsibility includes, but is not limited to:

- Determining acceptability of the development team members;
- Determining the recommended max. mortg. Amt. & other key terms of the loan;
- Engaging 3<sup>rd</sup> Parties and ensuring conclusions are supported and reasonable; &
- Determining acceptability of the rents, expenses, market value & USPAP compliance.

# Expedited Approval Process- Technical Discipline Areas

- **Market Study-** Not required for projects with 90%+ PBRA.
- **HUD A&E Review-** review plans and specs and the Lender's Certification for compliance with civil rights laws & applicable accessibility requirements.

*MAP Guide Appendix 5.B outlines the accessibility standards the Lender is required to assure compliance with. The Design Architect is responsible for submitting MAP Guide Appendix 5H.1 which also addresses compliance with accessibility. The Consolidated Borrower's Certification, which is required for Closing, includes a section related to compliance with accessibility as well.*

- **AM Review-** See MAP Guide Ch. 10

# New Pilot- Standard Approval Process

**4% or 9% LIHTC, Sub. Rehab. projects being re-syndicated with LIHTC/Tax Exempt Bonds w/o  
Section 8 rental assistance**

- Deals have reached the end of their initial compliance period *by the time Concept Meeting is held.*
- 90%+ of units must be restricted for LIHTC occupancy.
- The Appraisal and Underwriting must conclude that the achievable LIHTC unit rents will be at least 10% below comparable market rents for each unit type.
- LTC < 75%
- Projects with more than 200 units are acceptable.

# **New Pilot- Standard Approval Process**

- *Must demonstrate sustained occupancy (DSC 1.0+ and 85% or greater occupancy for the previous 6 months).*
- *Projects must be underwritten with an Effective Gross Income no greater than 110% of that achieved in the last full calendar year before application, and with expenses no lower than 90% of the prior year's operating expenses.*

# Standard Approval Process

Application Review similar to MAP Guide review  
HOWEVER, review process can begin prior to  
submission of Firm Application.

# Standard Approval Process- Technical Discipline Areas

- Appraisal- Must be USPAP and MAP Compliant. See MAP Guide. DPU primarily responsible for Valuation review.
- Market Study- See MAP Guide.
- AM Review- See MAP Guide Ch. 10

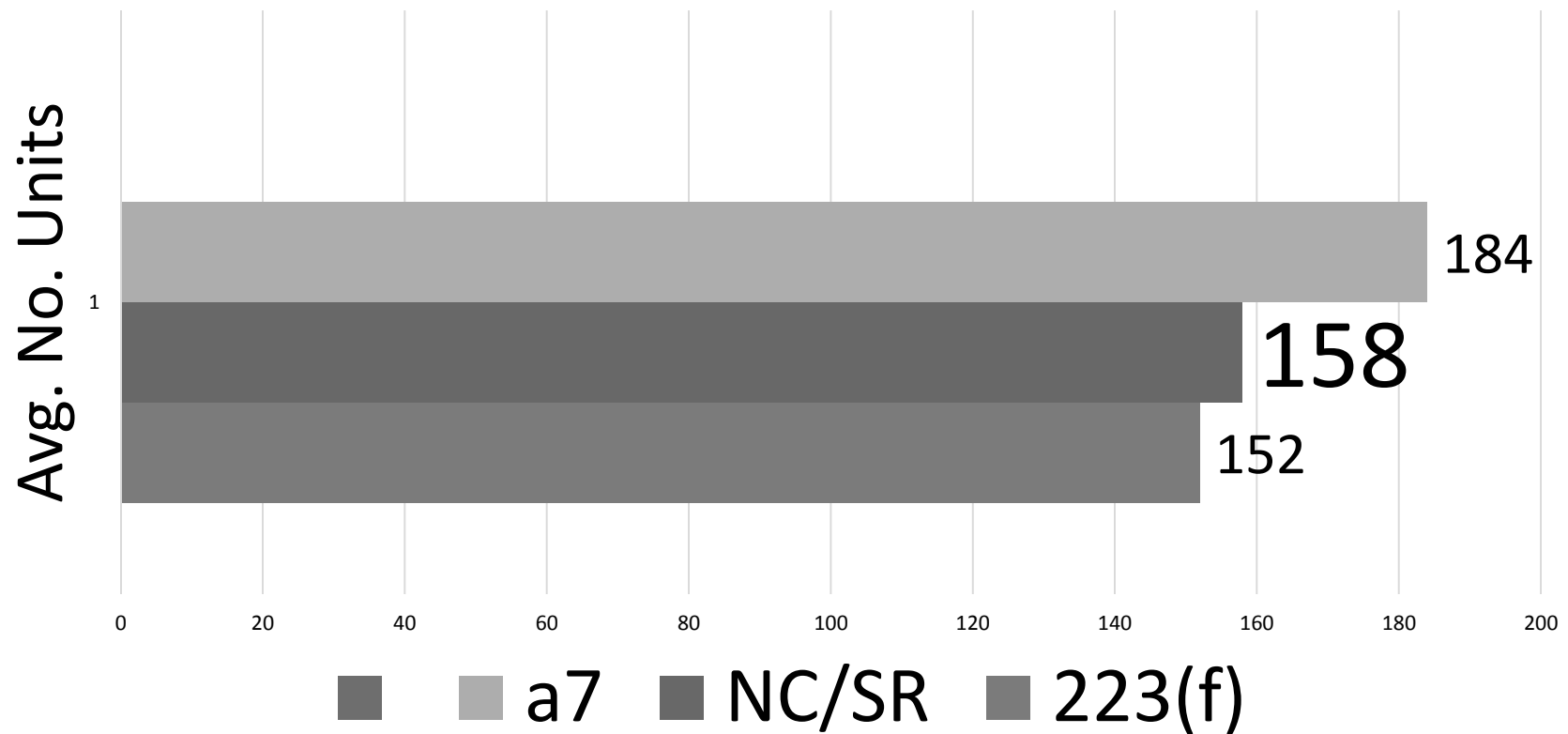


# Standard Approval Process- Technical Discipline Areas

- DPU will have primary responsibility for reviewing AEC components of application.
- Streamlined review of Plans, Specs, & Costs acceptable.
- Use of AIA forms G702/703 acceptable.

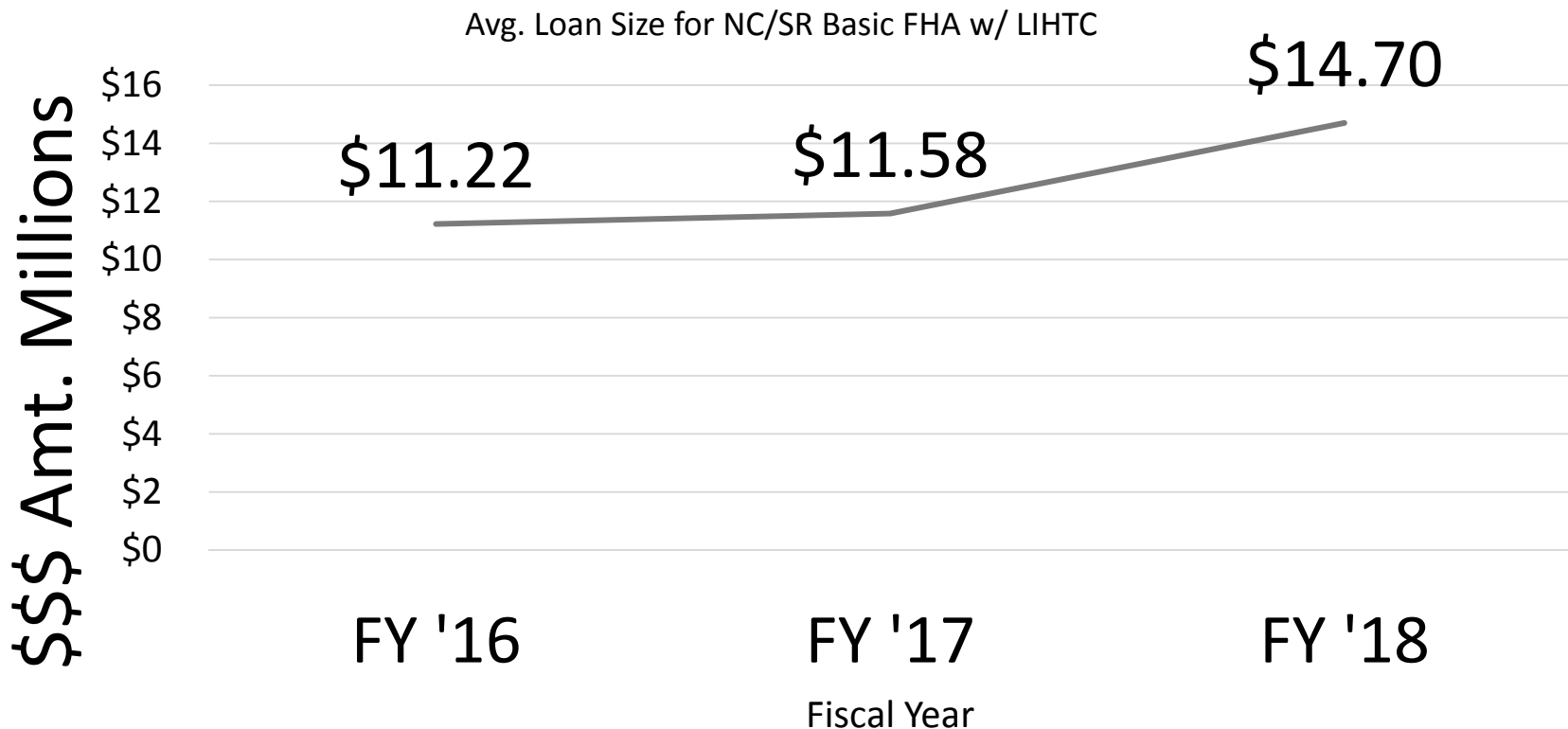
# Avg. No. of Units by SOA for Basic FHA- FY '18

Avg. # of Units by Proj. Type, LIHTC



# Eligibility Requirements Applicable to Both Tracks

- **FHA Loan may not exceed \$25 million.**



## Eligibility Requirements Applicable to Both Tracks

- Straight to Firm Application submission.
- Lender experience- UW & Closing MF loans with FHA MF mortgage insurance & LIHTC.
- Lender UW experience- UW & Closing MF loans with FHA MF mortgage insurance. MUST attend HUD Training.
- Development Team experience- MF Housing Development + FHA mortgage ins. + LIHTC experience

## Eligibility Requirements Applicable to Both Tracks

- Clear 2530s prior to submission of application.

*Lender Q&A: Oftentimes, the Lender and Borrower may not be aware of a flag as it may have just entered the system. Or there are situations where the borrower addressed the flag but HUD has not reviewed/approved the borrower response. If the flags are discovered after submission, the Lender requests leniency if the flags can be resolved quickly.*

- Tenant Relocation o.k., but cannot exceed 9 months.
- HQ Loan Committee Review required (Regional LC not required).

# Eligibility Requirements Applicable to Both Tracks

1. Final allocation of 9% tax credits OR

Acknowledgement of eligibility for 4% tax credits and/or acknowledgement of eligibility for an allocation of private activity bond cap.

*Reservation Letter o.k. sometimes.*

2. Letter of Intent from Equity Investor or Syndicator.
3. Firm Commitments for all subordinate public and private debt financing.

# Ineligible Projects

- 4% LIHTC, NC- *maybe, if can meet same limits as 9% NC*
- RAD projects- case by case basis.

*Lender Question: RAD **should be** allowed for expedited processing if an RCC has been issued. Once an RCC is issued then there is less complexity. RAD could benefit from the 4% rehabilitation streamlining.*

- Historic Tax Credit/New Market Tax Credit deals
- Projects involving adaptive re-use of non residential structures
- Projects involving significant demolition
- Projects involving gut rehab.
- Projects with inexperienced Development Team Members

# Case Studies





Any  
Questions?



# LIHTC PILOT ENVIRONMENTAL REVIEWS



# Expedited Track

- **‘Typical’ Environmental Risk Factors are acceptable:**
  - Radon mitigation
  - Asbestos remediation
  - Lead Based Paint remediation
  - Removal of intact Underground Storage Tanks with no evidence of release and soil contamination
  - Previously contaminated sites with a No Further Remediation or No Further Action letter at residential standards that meet MAP requirements.

# Lead Based Paint

- Projects that contain Lead Based Paint may proceed under both the Expedited and the Standard Approval Process if the application includes:
  - the LBP inspection report,
  - lead safety requirements are incorporated into the project design,
  - and any lead-based paint abatement is specified and included with construction costs.



# Expedited Track

## **Environmental Issues that are unacceptable:**

- Noise measurement above 65 dB,
- Historic properties,
- Contamination that will require construction period site remediation to achieve regulatory closure through a No Further Remediation/ No Further Action (NFR/NFA) letter beyond the typical risks allowed under the Expedited Approval Process track,
- Project sites containing a floodplain or wetland that do not meet an exception at 24 CFR section 55.12(b) or (c),
- Acceptable separation distance (ASD) risks from adjacent Above Ground Storage Tanks (ASTs) subject to HUD's regulation at 24 CFR Part 51 Subpart C, and
- Acceptable separation distance risks from high pressure pipelines transferring flammable and combustible liquids and gases as referenced in MAP Guide 9.5.P.1.
- Projects over 200 units

# Exceptions to Part 55 Requirements

## **Exceptions: § 55.12(c)**

- Repossession or foreclosure
- Incidental portion in floodplain (§ 55.12(c)(7))
- LOMA/LOMR or CLOMA/CLOMR for the entire site

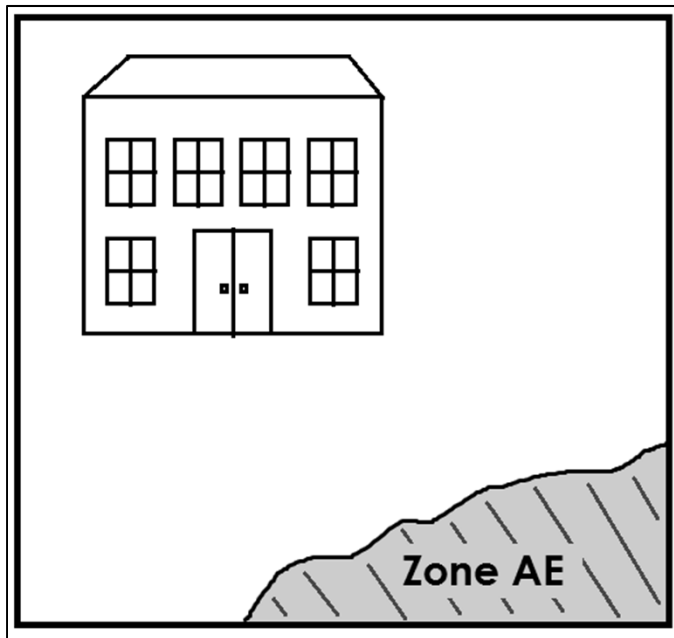
## Incidental Floodplain Exception (§55.12(c)(7))

Part 55 does not apply to a site in which an **incidental portion** is situated in an adjacent floodplain or wetland, **but only if**:

- Proposed activities do not occupy or modify the floodplain or wetland;
- Provisions are made for site drainage that would not have an adverse effect on any wetland; **and**
- A **permanent covenant or comparable restriction** is placed on the property's continued use to preserve the floodplain or wetland.

HUD does not consider improvements (buildings, roads, parking lots etc.) to be incidental.

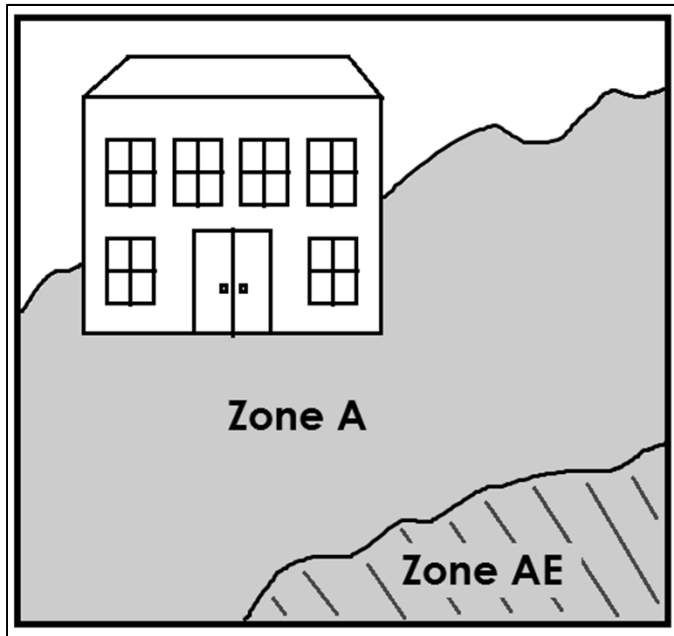
# Incidental Floodplains (I)



- Site contains floodway
- Floodplain is incidental (i.e., no improvements in floodplain)
- Project may proceed IF all conditions in § 55.12(c)(7) are met

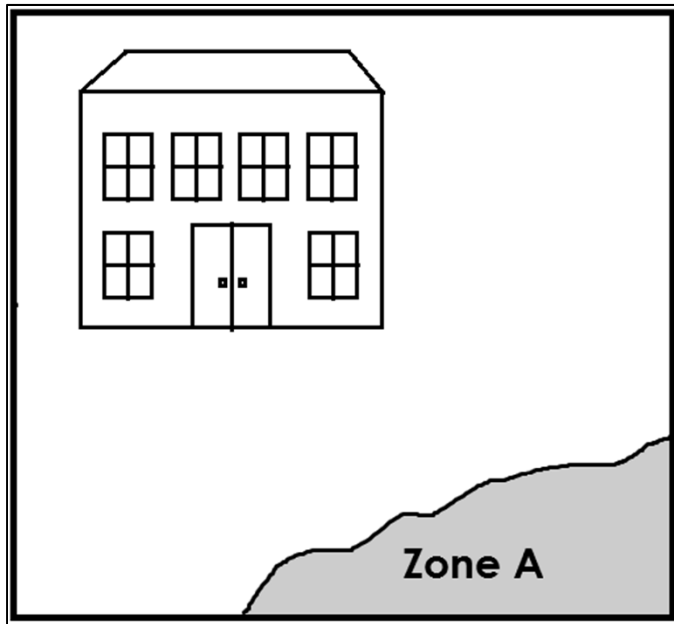


# Incidental Floodplains (II)



- Site contains a floodway **and** a 100-year floodplain
- Floodplain is NOT incidental (i.e., improvements located in floodplain)
- Project **must** be rejected

# Incidental Floodplains (III)



- Site contains 100-year floodplain
- Floodplain is incidental
- Project may proceed either:
  - By meeting conditions in § 55.12(c)(7),  
OR
  - By completing 8-Step Process

# Historic Preservation Process

- If relevant, the Designated Pilot Underwriter (DPU) must contact any interested federally recognized tribes within 5 days of HUD issuing a Concept Meeting Encouragement Letter to ensure a timely response.
- The DPU must also contact the State Historic Preservation Officer (SHPO) and when necessary contact other consulting parties and the public at the same time.



# Historic Preservation Process

What should the lender and consultant provide?

- A draft letter that includes
  - a narrative explaining the proposal,
  - a map identifying the site location and APE,
  - a list of potential consulting parties interested in the project,
  - description of identified historic properties (listed and eligible),
  - digital photos of buildings and setting,
  - a description of the proposed project activities,
  - a description of direct or indirect effects on the historic properties,
  - a preliminary determination of “no historic properties affected”, “no adverse effect”, or “adverse effect”.

# Historic Preservation Process

What Does HUD do?

- The DPU will independently review and confirm the preliminary determination of effect finding and may request additional information if needed. The DPU will then initiate consultation with the SHPO, federally recognized Indian tribes, THPOs and others as appropriate

# HEROS

- LIHTC Notice doesn't mention HEROS, but all environmental reviews will be processed in HEROS.
- Encourage Third Parties to upload the information directly into HEROS to help streamline the review process

# Timing

- Raise and discuss environmental issues at concept
- Application should include clear statement of any issues, remediation plans if needed and all back up documentation.

# Housing Environmental Website

- Register for HEROS
- HEROS Partner Worksheets for MF FHA and RAD
- Links to Housing Environmental Guidance
- Space for FAQs

<https://www.hudexchange.info/programs/environmental-review/housing/>





**BREAK**



# Construction Administration Under Both Tracks

# **Expedited Approval Process- Construction Phase**

HUD will:

- ✓ Approve Initial & Final Draws,
- ✓ Approve PTOs, &
- ✓ Conduct Construction Inspections

# Expedited Approval Process- Construction Monitoring

Change Orders- *Do Not* require HUD approval.

MAP Guide	Expedited Approval Process
During Construction, the contractor, mortgagor, mortgagor's supervisory Architect and the HUD inspector must attend monthly job meetings at the job site when monthly requests for advances are prepared.	During Construction, the contractor, mortgagor, mortgagor's supervisory Architect and the HUD inspector must attend monthly job meetings at the job site when monthly requests for advances are prepared.
The HUD Inspector must explain at the progress meetings that changes in the work from the contract documents (non-compliance) must be resolved by approved change order requests or the work done in accordance with the contract documents. All change orders must receive prior approval before work subject to the change order is commenced. Approval must be provided by HUD.	The HUD Inspector must explain at the progress meetings that changes in the work from the contract documents (non-compliance) must be resolved by approved change order requests or the work done in accordance with the contract documents. All change orders must receive prior approval before work subject to the change order is commenced. Approval may be provided by HUD and/or the Lender.
Any contemplated changes are first discussed among the Architect, contractor, owner, and HUD Inspector.	Any contemplated changes are first discussed among the Architect, contractor, owner, and HUD Inspector.
The HUD Inspector makes a preliminary determination of technical acceptability before the change is submitted for approval to the lender.	The HUD Inspector makes a preliminary determination of technical acceptability before the change is submitted for approval to the lender.

# Expedited Approval Process- Construction Monitoring

Change Orders (cont.)- *Do Not* require HUD approval.

MAP Guide	Expedited Approval Process
Changes to the scope of contract work, contract price or contract time must be requested by the mortgagor/mortgagor's team through the lender on form HUD-92437. The HUD Inspector does not sign the form.	Changes to the scope of contract work, contract price or contract time must be requested by the mortgagor/mortgagor's team through the lender on form HUD-92437. The HUD Inspector does not sign the form.
1. Mortgagor signs.	1. Mortgagor signs.
2. Mortgagor's Architect signs.	2. Mortgagor's Architect signs.
3. General Contractor signs.	3. General Contractor signs.
4. Lender signs and submits to HUD.	4. Lender signs and submits to HUD.
5. HUD reviews and approves Change Orders.	5. HUD staff will not have to approve Change Orders, but may reject the Change Order within 5 Bus. Days of receipt of the change request from the Lender.

# Expedited Approval Process- Construction Monitoring

Change Orders (cont.)- *Do Not* require HUD approval.

MAP Guide	Expedited Approval Process
All changes MUST be approved in writing on Form HUD-92437 by the Lender and HUD before they are made.	Changes do not need to be approved in writing on Form HUD-92437 by HUD before they are made. However, if HUD decides to review the Change Order, they must do so within 5 Business Days. HUD staff must also notify the Lender of their approval or rejection within the 5 Business Days.
If the Change Order is Rejected, HUD staff will inform the Lender and the HUD Inspector of the disapproval. The HUD Inspector will modify the amount of the Contractor's Requisition to cover any noncompliance or construction removal.	If the Change Order is Rejected within the 5 day period, HUD staff will inform the Lender and the HUD Inspector of the disapproval. The HUD Inspector will modify the amount of the Contractor's Requisition to cover any noncompliance or construction removal.
If no formal approval, even though tentatively agreed to as technically acceptable, then change must be recorded by the HUD Inspector as noncompliance until the Form HDU-92437 is approved. The payment of future insured advances may be affected until corrected.	If NO RESPONSE from HUD office, move forward as if Change Order is approved.

# Expedited Approval Process- Construction Monitoring

Const. Cost Inc. 5%+ - *Do Not* require HUD approval.

MAP Guide	Expedited Approval Process
Construction cost changes of more than 5% or changes in design concept require HUD approval.	Between FC and IE, the lender is responsible for the review and approval of construction cost increases over 5% pursuant to the following:
	1. There are sources of funds in the deal to cover the associated costs (can be result of additional loan proceeds based on reduced interest rate.)
	2. Lender's AEC analyst determined costs are acceptable.
	3. RR remains valid.
	4. Contingency %age is recalculated based on higher const. costs.

# Expedited Approval Process- Construction Monitoring

WC Escrow Releases- *Do Not* require HUD approval.

MAP Guide	Expedited Approval Process
Final Release of WC Escrow. The lender may release any unused balance in the WC escrow, subject to HUD approval, to the borrower once year after Final End. where project not in default and when operations have achieved 6 consecutive months of break-even occupancy.	Final Release of WC Escrow. The lender may release any unused balance in the WC escrow, subject to HUD approval, to the borrower once year after Final End. where project not in default and when operations have achieved 6 consecutive months of break-even occupancy.



# **Standard Approval Process- Construction Monitoring**

HUD will:

- ✓ Approve Initial & Final Draws,
- ✓ Approve PTOs, &
- ✓ Conduct Inspections

# Standard Approval Process- Construction Monitoring

Change Orders- *Might Not* require HUD approval.

MAP Guide	Standard Approval Process
During Construction, the contractor, mortgagor, mortgagor's supervisory Architect and the HUD inspector must attend monthly job meetings at the job site when monthly requests for advances are prepared.	During Construction, the contractor, mortgagor, mortgagor's supervisory Architect and the HUD inspector must attend monthly job meetings at the job site when monthly requests for advances are prepared.
The HUD Inspector must explain at the progress meetings that changes in the work from the contract documents (non-compliance) must be resolved by approved change order requests or the work done in accordance with the contract documents. All change orders must receive prior approval before work subject to the change order is commenced. Approval must be provided by HUD.	The HUD Inspector must explain at the progress meetings that changes in the work from the contract documents (non-compliance) must be resolved by approved change order requests or the work done in accordance with the contract documents. All change orders must receive prior approval before work subject to the change order is commenced. Approval may be provided by HUD and/or the Lender subject to conditions below.
Any contemplated changes are first discussed among the Architect, contractor, owner, and HUD Inspector.	Any contemplated changes are first discussed among the Architect, contractor, owner, and HUD Inspector.
The HUD Inspector makes a preliminary determination of technical acceptability before the change is submitted for approval to the lender.	The HUD Inspector makes a preliminary determination of technical acceptability before the change is submitted for approval to the lender.

# Standard Approval Process- Construction Monitoring

Change Orders- *Might Not* require HUD approval.

MAP Guide	Standard Approval Process
Changes to the scope of contract work, contract price or contract time must be requested by the mortgagor/mortgagor's team through the lender on form HUD-92437. The HUD Inspector does not sign the form.	Changes to the scope of contract work, contract price or contract time must be requested by the mortgagor/mortgagor's team through the lender on form HUD-92437. The HUD Inspector does not sign the form.
1. Mortgagor signs.	1. Mortgagor signs.
2. Mortgagor's Architect signs.	2. Mortgagor's Architect signs.
3. General Contractor signs.	3. General Contractor signs.
4. Lender signs.	4. Lender signs.
5. HUD reviews and approves Change Orders.	5. HUD staff will not have to approve Change Orders under the following conditions, but may reject the Change Order within 5 Bus. Days of receipt of the change request from the Lender. 1) Betterments or Improvements 2) Equivalent changes 3) Additive Change 4) Time extension up to 30 days.

# Standard Approval Process- Construction Monitoring

Change Orders- *Might Not* require HUD approval.

MAP Guide	Standard Approval Process
All changes MUST be approved in writing on Form HUD-92437 by the Lender and HUD before they are made.	Changes for items outlined above do not need to be approved in writing on Form HUD-92437 by HUD before they are made. However, if HUD decides to review the Change Order, they must do so within 5 Business Days. HUD staff must also notify the Lender of their approval or rejection within the 5 Business Days.
If the Change Order is Rejected, HUD staff will inform the Lender and the HUD Inspector of the disapproval. The HUD Inspector will modify the amount of the Contractor's Requisition to cover any noncompliance or construction removal.	If the Change Order is Rejected within the 5 day period, HUD staff will inform the Lender and the HUD Inspector of the disapproval. The HUD Inspector will modify the amount of the Contractor's Requisition to cover any noncompliance or construction removal.
If no formal approval, even though tentatively agreed to as technically acceptable, then change must be recorded by the HUD Inspector as noncompliance until the Form HDU-92437 is approved. The payment of future insured advances may be affected until corrected.	If NO RESPONSE from HUD office for items outlined above, move forward as if Change Order is approved.

# Standard Approval Process- Construction Monitoring

Const. Cost Inc. 5%+

MAP Guide	Standard Approval Process
Construction cost changes of more than 5% or changes in design concept require HUD approval.	HUD will review and approve construction cost increases above 5%. Approval will likely be granted if:
	1. There are sources of funds in the deal to cover the associated costs (can be result of additional loan proceeds based on reduced interest rate.)
	2. Lender's AEC analyst determined costs are acceptable.
	3. RR remains valid.
	4. Contingency %age is recalculated based on higher const. costs.

Any Questions?



# Application Processing

# Hold a Concept Meeting!

Essential time to:

- determine which Track your deal falls under,
- figure out if there are any impediments to meeting review timeframes,
- begin the application review process earlier,
- discuss ALL waiver requests, &
- to involve other HUD disciplines (EMAD, AM, OGC, REO/FEO, Labor)



# **Follow the HUD Templates:**

## **Consistency is Key**

- LIHTC Pilot Eligibility Checklists
- LIHTC Pilot Concept Meeting Invitation
- LIHTC Pilot Encouragement Email
- LIHTC Pilot Discourage Email
- LIHTC Pilot Placed Into Processing Email
- LIHTC Pilot Kickoff Call Email
- LIHTC Pilot Pre-Closing Call Email

# LIHTC Pilot Eligibility Checklist

PROJECT NAME, LOCATION			
Expedited Approval Process			
	Yes	No*	N/A
1. A. 9% LIHTC New Const. with i. 90%+ units restricted for LIHTC Occupancy & ii. Achievable LIHTC unit rents at least 10% below comparable market rents for each unit type & iii. LTC 65% or less.			
OR			
B. 4% or 9% LIHTC Sub. Rehab. with i. Project-Based Section 8 HAP Contract covering 90%+ residential units & ii. LTC 75% or less.			
Identify application type (1.A or 1.B above):			
2. Direct To Firm Application.			
3. Requested loan amount is less than \$25 million.			
4. Borrower Team Members have acceptable experience with Multifamily Housing, LIHTC & FHA.			
5. 2530 findings or flags have been identified and will be resolved prior to submission of an application.			
6. Relocation of any Tenant will not exceed 9 months.			
7. Project has 200 Units or less.			
8. Typical environmental risk factors can be easily mitigated and will not require extensive analysis. See section I.a-f below for unacceptable risk factors.			
9. The Firm Application will include written evidence of a Final Allocation OR a Reservation Letter for A) 9% tax credits OR B) 4% tax credits and/or of private activity bond cap			
Identify award type (10.A or 10.B above):			
10. A Letter of Intent from the Investor or Syndicator will be provided in the Firm Application.			
11. Firm Commitments for subordinate financing, if any, will be provided in			

- A. 4% LIHTC, new construction projects;
- B. Rental Assistance Demonstration (RAD) projects;
- C. Projects involving Historic Tax Credits or New Markets Tax Credits;
- D. Projects involving adaptive re-use of non-residential structures;
- E. Projects involving significant demolition with new construction or rehabilitation;
- F. Projects involving gut rehabilitation;
- G. Projects involving inexperienced Development Team Members, including Property Managers.
- H. Projects of 200 or more units are not eligible for Expedited Approval Processing, but may be submitted under the Standard Pilot Approval Processing track.
- I. Projects involving environmental risk factors that will require extensive analysis and consideration by HUD are not eligible for Expedited Approval Processing, but may be submitted under the Standard Pilot Approval Processing track. Such risk factors include, but are not limited to:
  - a. Noise measurement above 65 dB,
  - b. Historic properties,
  - c. Contamination that will require construction period site remediation to achieve regulatory closure through an NFR/NFA beyond the typical risks referenced at V.E of this notice,
  - d. Project sites containing a floodplain or wetland that do not meet an exception at 24 CFR section 55.12(b) or (c),
  - e. Acceptable separation distance (ASD) risks from adjacent Above Ground Storage Tanks (ASTs) subject to HUD's regulation at 24 CFR Part 51 Subpart C, and
  - f. Acceptable separation distance risks from high pressure pipelines transferring flammable and combustible liquids and gases as referenced in MAP 9.5.P.I.

# LIHTC Pilot Eligibility Checklist

AutoSave Standard Approval Proc. Eligibility Chklist 030719 Arteaga, Elizabeth H

File Home Insert Draw Design Layout References Mailings Review View Help Nuance PDF Tell me what you want to do Share Comments

Clipboard Font Paragraph Styles Editing Voice

Section 221(d)(4)/220 New Const. or Sub. Rehab. LIHTC Pilot Eligibility Checklist

PROJECT NAME, LOCATION

Standard Approval Process

	Yes	No*	N/A
1.A. 4% or 9% LIHTC Sub. Rehab. re-syndication (without Sec. 8) with i. 90%+ units restricted for LIHTC Occupancy & ii. Achievable LIHTC unit rents at least 10% below comparable market rents for each unit type & iii. LTC 75% or less.			
2. Undervritten Effective Gross Income is no greater than 110% of that achieved in last full calendar year prior to application and Expenses are no lower than 90% of prior year's operating expenses.			
3. Direct To Firm Application.			
4. Requested loan amount does not exceed \$25 million.			
5. Borrower Team Members have acceptable experience with Multifamily Housing, LIHTC and FHA.			
6. 2530 findings or flags have been identified and will be resolved prior to submission of an application.			
7. At least 25%, but no more than 75% of the Developer's Fee will be deferred.			
8. Relocation of any Tenant will not exceed 9 months.			
9. The Firm Application will include written evidence of a Final Allocation OR a Reservation Letter for A) 9% tax credits OR B) 4% tax credits and/or of private activity bond cap			

Ineligible Projects

- A. 4% LIHTC, new construction projects;
- B. Rental Assistance Demonstration (RAD) projects;
- C. Projects involving Historic Tax Credits or New Markets Tax Credits;
- D. Projects involving adaptive re-use of non-residential structures;
- E. Projects involving significant demolition with new construction or rehabilitation;
- F. Projects involving gut rehabilitation;
- G. Projects involving inexperienced Development Team Members, including Property Managers.
- H. Projects of 200 or more units are not eligible for Expedited Approval Processing, but may be submitted under the Standard Pilot Approval Processing track.
- I. Projects involving environmental risk factors that will require extensive analysis and consideration by HUD are not eligible for Expedited Approval Processing, but may be submitted under the Standard Pilot Approval Processing track. Such risk factors include, but are not limited to:
  - a. Noise measurement above 65 dB,
  - b. Historic properties,
  - c. Contamination that will require construction period site remediation to achieve regulatory closure through an NFR/NFA beyond the typical risks referenced at V.E of this notice,
  - d. Project sites containing a floodplain or wetland that do not meet an exception at 24 CFR section 55.12(b) or (c),
  - e. Acceptable separation distance (ASD) risks from adjacent Above Ground Storage Tanks (ASTs) subject to HUD's regulation at 24 CFR Part 51 Subpart C, and
  - f. Acceptable separation distance risks from high pressure pipelines transferring flammable and combustible liquids and gases as referenced in MAP 9.5.P.I.

Page 2 of 2 468 words

6:10 AM 4/16/2019

# LIHTC Pilot Concept Meeting Invite

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LIHTC Pilot Concept Meeting Invite Template. EHA. 032218 - Saved to this PC

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◀

To: [LENDER]; [UNDERWRITER BRANCH CHIEF]; [TECHNICAL SPECIALIST BRANCH CHIEF]; [ACCOUNT EXECUTIVE BRANCH CHIEF]; [HUD APPRAISER]; [HUD CONSTRUCTION ANALYST]; [HUD ACCOUNT EXECUTIVE]; [FEO/REO]; [EMAD]  
Cc: [PRODUCTION DIVISION DIRECTOR]  
Subject: LIHTC PILOT CONCEPT MEETING- [PROPERTY NAME]; [LOCATION]; [SOA]; [EXPEDITED PROCESSING APPROVAL or STANDARD PILOT APPROVAL]; [REQUESTED MORTGAGE AMOUNT]  
Location: [ROOM #]; [TELECONFERENCE #]

Hello,

I am the Designated Pilot Underwriter assigned to the subject project. This is a [9% LIHTC, NEW CONSTRUCTION TRANSACTION]; [4% OR 9% LIHTC, SUBSTANTIAL REHABILITATION TRANSACTION WITH PROJECT BASED SECTION 8]; OR [4% OR 9% LIHTC, SUBSTANTIAL REHABILITATION PROJECT BEING RESYNDICATED WITH LIHTC/TAX EXEMPT BONDS WITHOUT PROJECT BASED SECTION 8]. Please plan to join me for a Concept

▶

Meeting at the specified date and time to further discuss the project's eligibility under our programs.

[This meeting will be a live meeting and is to be held in room # \_\_\_\_\_. The following individuals from the Lender and Borrower's team will be joining us on the day of the meeting:

- Lender's Underwriter, organization, title, email address, phone number, in-person/ dial-in\*
- Developer Name, organization, title, email address, phone number, in-person/ dial-in\*
- Market Analyst, organization, title, email address, phone number, in-person/ dial-in\*
- Appraiser, organization, title, email address, phone number, in-person/ dial-in\*
- Management Agent, organization, title, email address, phone number, in-person/ dial-in\*
- Contractor, organization, title, email address, phone number, in-person/ dial-in\*
- Architect, organization, title, email address, phone number, in-person/ dial-in\*
- Others, organization, title, email address, phone number, in-person/ dial-in\*

Screens 1-2 of 4

Display Settings

⏏⏮⏭⏯⏸

140%

# LIHTC Pilot Concept Meeting Agenda

The image is a screenshot of a presentation slide. At the top, there is a dark grey header bar with the text 'LIHTC Pilot Concept Meeting Agenda - Saved to this PC' and standard window control icons (minimize, maximize, close). Below the header, the slide content is a numbered list of 11 items. To the left of the list is a circular navigation button with a left-pointing arrow, and to the right is a circular navigation button with a right-pointing arrow. At the bottom of the list, there is a small text label 'End of document' followed by a small black square. The bottom of the slide features a light grey footer bar with the text 'Screen 1 of 1' on the left and 'Display Settings' followed by a series of icons and a zoom level of '140%' on the right.

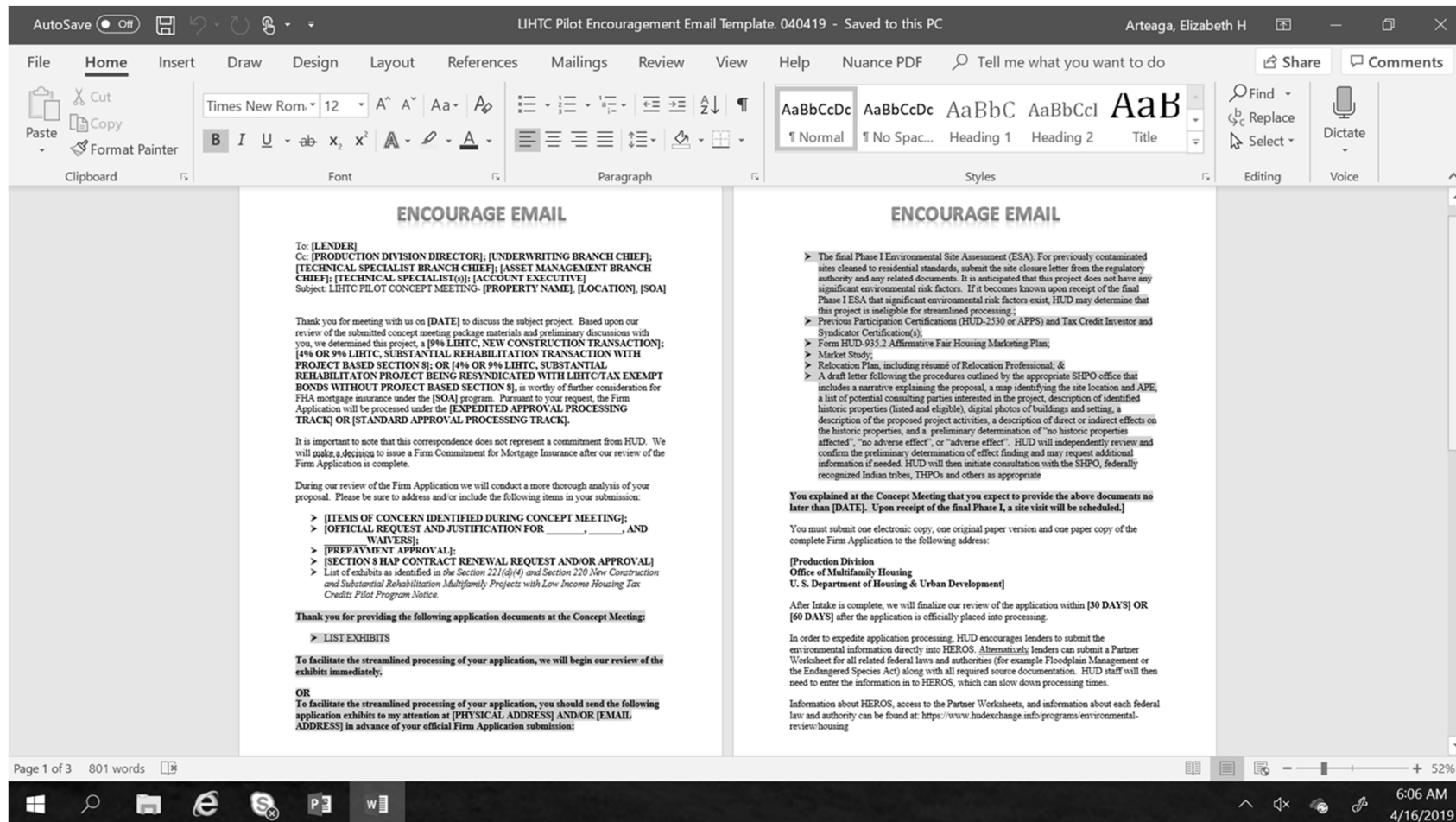
File Tools View LIHTC Pilot Concept Meeting Agenda - Saved to this PC

- 1) Eligibility Requirements (ref. eligibility checklist)
- 2) Market Conditions
- 3) Environmental Conditions & submission of Phase I
- 4) Appraisal Requirements
- 5) HAP Contract Renewal and other Asset Management topics
- 6) Submission of Plans and Specs
- 7) Escrow Accounts and Equity Pay-Ins
- 8) Equity Bridge Loans
- 9) Uniform Relocation Act
- 10) Waiver Requests
- 11) Processing Timelines & Application Submission

End of document ■

Screen 1 of 1 Display Settings 140%

# LIHTC Pilot Encouragement Email



# LIHTC Pilot Discourage Email ☹️

FileToolsView

LIHTC Pilot Discourage Email Template. 032218 - Saved to this PC

To: [LENDER]  
Cc: [PRODUCTION DIVISION DIRECTOR];  
[BRANCH CHIEF]; [TECHNICAL SPECIALIST  
BRANCH CHIEF]; [ASSET MANAGEMENT BRANCH  
CHIEF]; [TECHNICAL SPECIALIST(s)]; [ACCOUNT  
EXECUTIVE]  
Subject: LIHTC PILOT CONCEPT MEETING- [PROP-  
ERTY NAME], [LOCATION], [SOA]

Thank you for meeting with us on [DATE] to discuss the  
subject project. Based upon our review of the submitted con-  
cept meeting package materials and preliminary discussions  
with you, we regret to inform you that your proposal is ineli-  
gible under the [EXPEDITED PROCESSING AP-  
PROVAL TRACK] OR [STANDARD APPROVAL  
PROCESSING TRACK].

We determined that an application should be submitted under  
the [STANDARD APPROVAL PROCESSING TRACK]

OR [REGULAR MAP PROCESSING] instead due to the  
following concerns:

1. *This is a RAD project.*
2. *This project involves NMTC or HTC.*
3. *Projects with more than 200 units are not eligible under  
the Expedited Approval Processing Track.*
4. *The Development Team Members lack sufficient LIHTC  
and/or FHA experience.*
5. *Other*

Please let me know if you decide to proceed with the submis-  
sion of a Firm Application. We appreciate the time you  
spent working on this transaction and we look forward to  
working with you.

Sincerely,

Screens 1-2 of 3

Display Settings

140%

# LIHTC Pilot Placed Into Processing Email

File Tools View LIHTC Pilot Placed Into Processing Email 032318 - Saved to this PC

To: [LENDER]  
Cc: [PRODUCTION DIVISION DIRECTOR]; [BRANCH CHIEF]; [TECHNICAL SPECIALIST BRANCH CHIEF]; [ASSET MANAGEMENT BRANCH CHIEF]; [TECHNICAL SPECIALIST(s)]; [ACCOUNT EXECUTIVE]  
Subject: LIHTC PILOT FIRM APPLICATION- [PROJECT NAME], [PROJECT NUMBER], [LOCATION], [SOA], [PROCESSING TRACK]

Dear [LENDER],

The Firm Application for Mortgage Insurance for the above referenced property was placed into processing on [DATE]. Our goal is to issue a Firm Commitment no later than **[30 DAYS AFTER PLACED INTO PROCESSING] OR [60 DAYS AFTER PLACED INTO PROCESSING]**. Our ability to meet this timeframe is contingent on the resolution of all issues discussed at the Concept Meeting, your due

diligence, the successful mitigation of all risks, and underwriting that meets all applicable MAP Guide requirements.

**[EXPEDITED APPROVAL PROCESSING TRACK ONLY-]**

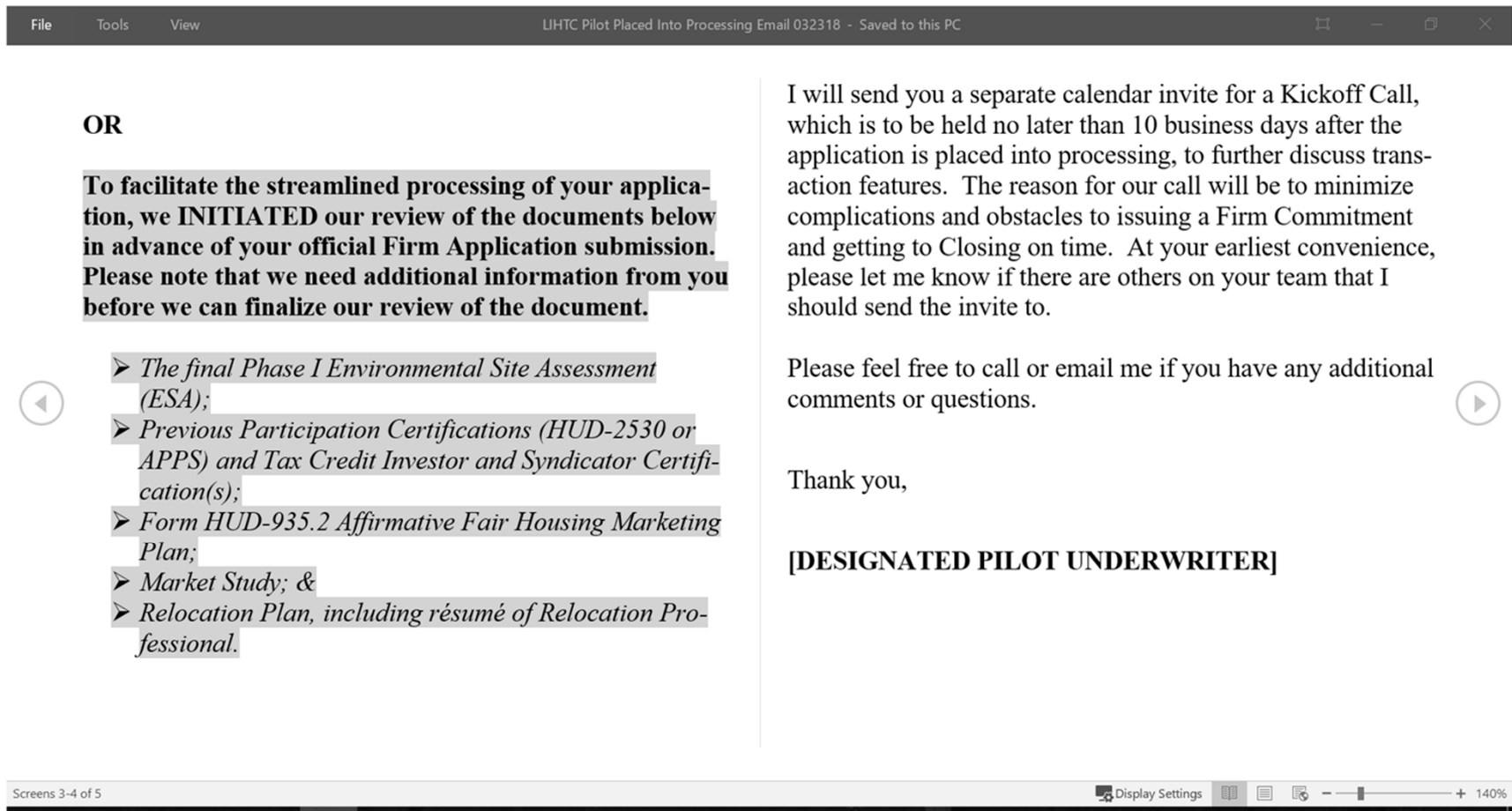
**To facilitate the streamlined processing of your application, we COMPLETED our review of the following documents in advance of your official Firm Application submission:**

- *The final Phase I Environmental Site Assessment (ESA);*
- *Previous Participation Certifications (HUD-2530 or APPS) and Tax Credit Investor and Syndicator Certification(s);*
- *Form HUD-935.2 Affirmative Fair Housing Marketing Plan;*
- *Market Study; &*
- *Relocation Plan, including résumé of Relocation Professional.*

Screens 1-2 of 5 Display Settings 140%



# LIHTC Pilot Placed Into Processing Email (cont.)



# LIHTC Pilot Kickoff Call Invite

The screenshot shows a PDF document titled "LIHTC Pilot Kickoff Call Template. EHA. 032318 - Saved to this PC". The document is divided into two columns. The left column contains a formal invitation template with various fields in brackets. The right column contains a letter body template, also with fields in brackets. The document is viewed in a window with a dark header bar and a light gray footer bar. The footer bar includes the text "Screens 1-2 of 4", a "Display Settings" button, and a zoom level of "140%".

**To: [LENDER]; [OTHER LENDER TEAM MEMBERS]; [UNDERWRITING BRANCH CHIEF]; [TECHNICAL SPECIALIST BRANCH CHIEF]; [ASSET MANAGEMENT BRANCH CHIEF]; [TECHNICAL SPECIALIST(s)]; [ACCOUNT EXECUTIVE]; [FEO/REO]; [EMAD]; [OGC]; [OLR]**  
**Cc: [PRODUCTION DIVISION DIRECTOR]**  
**Subject: LIHTC PILOT KICKOFF CALL- [PROJECT NAME], [PROJECT NUMBER], [LOCATION], [SOA], [PROCESSING TRACK]**  
**Location: [ROOM #]; [TELECONFERENCE #]**

Hello,

The subject LIHTC Pilot Firm Application, which is for a [9% LIHTC, NEW CONSTRUCTION TRANSACTION] OR [4% OR 9% LIHTC, SUBSTANTIAL REHABILITATION TRANSACTION WITH PROJECT BASED SECTION 8] OR [4% OR 9% LIHTC, SUBSTANTIAL REHABILITATION PROJECT BEING RESYNDICATED WITH LIHTC/TAX EXEMPT BONDS WITHOUT PROJECT BASED SECTION

**8], was placed into processing on [DATE]. Our goal is to issue a Firm Commitment by [DATE].**

Please plan to join me for a Kickoff Call at the specified date and time to further discuss transaction features. The reason for our call will be to minimize complications and obstacles to issuing a Firm Commitment and getting to Closing on time.

This meeting will be held via teleconference\*.

**At the lender's request, the following individuals are included on this invite:**

- *Developer Name, organization, title, email address, phone number*
- *Market Analyst, organization, title, email address, phone number*
- *Appraiser, organization, title, email address, phone number*
- *Management Agent, organization, title, email address, phone number*
- *Contractor, organization, title, email address, phone number*
- *Architect, organization, title, email address, phone number*
- *Others, organization, title, email address, phone number*

# LIHTC Pilot Kickoff Call Invite (cont.)

The screenshot shows a presentation window with a dark title bar. The title bar contains the text 'LIHTC Pilot Kickoff Call Template. EHA. 032318 - Saved to this PC' and standard window controls (minimize, maximize, close). The presentation content is split into two columns. The left column contains a bolded instruction about HUD staff meeting location, followed by an agenda list. The right column contains a bulleted list of topics and a closing statement. The bottom of the window shows a status bar with 'Screens 3-4 of 4', 'Display Settings', and a zoom level of '140%'.

File Tools View LIHTC Pilot Kickoff Call Template. EHA. 032318 - Saved to this PC

***\*HUD staff who are in the office on the day of the meeting can meet in room # \_\_\_\_.***

Agenda items include, but are not limited to:

- *Status of Environmental Review;*
- *SHPO/THPO status;*
- *Status of Section 8 Contract Renewal;*
- *Status of Waivers;*
- *URA review & Relocation Plan;*
- *Status of AFHMP;*
- *Construction Monitoring Activities;*
- *Escrow Funding and Monitoring;*
- *LIHTC deadlines and final allocation of tax credits;*
- *Equity Pay-in Requirements;*
- *Bridge Loan Terms;*
- *Limited Partnership Agreement terms;*
- *Subordinate Financing Terms;*
- *Investor/Syndicator Letter of Intent terms;*
- *2530 review status;*
- *Market conditions/concerns;*
- *Asset Management concerns;*

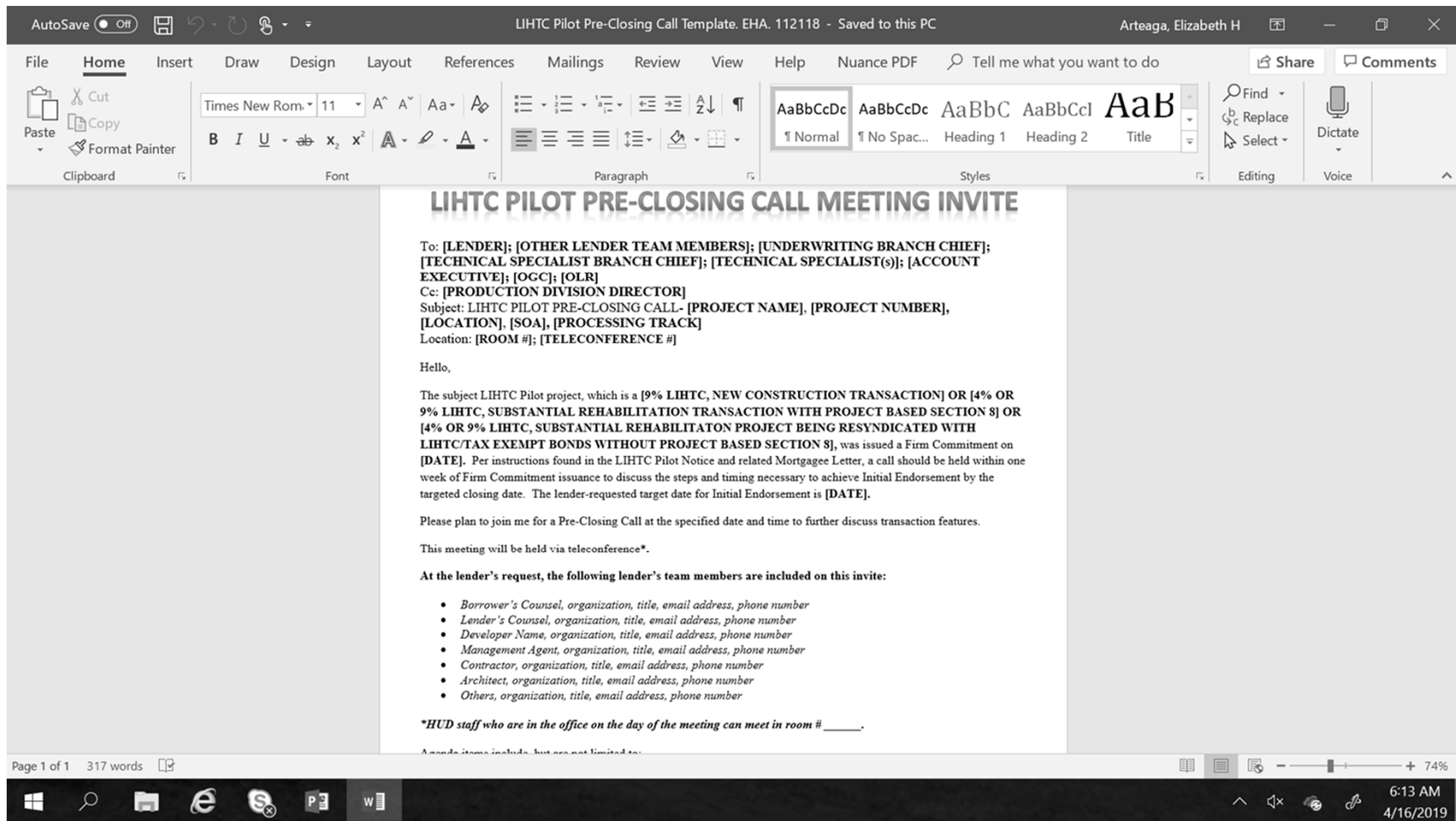
- *Plans and Specs acceptability and submission of final documents;*
- *Scope of work (Standard Approval Processing)*
- *Other*

I look forward to talking with you soon.

End of document ■

Screens 3-4 of 4 Display Settings 140%

# LIHTC Pilot Pre-Closing Call Invite



# New Pilot- Application Exhibits

- Exhibits and forms required throughout the MAP Guide are not included on the application checklist for Multifamily New Const./ Substantial Rehab so they were not included under 'Exhibit A' to the Notice either. However, if they are required elsewhere in the MAP Guide, then they must be submitted in the application.
- Form 2880 does not need to be submitted.
- Eligibility Checklists: see FHA LIHTC website.
- LIHTC Wheelbarrow : see FHA LIHTC website.
- Lender's Narrative: Use Narrative used for all other NC/SR deals.

# Lender Perspectives and Best Practices

Bruce Minchey, SVP, FHA Chief Underwriter,  
Dougherty Mortgage

Terry Wellman, SVP, FHA Chief Underwriter,  
PNC Real Estate

# LIHTC Pilot Teams

	Northeast Region	Midwest Region	Southeast Region	Southwest Region	West Region
Regional Director	Brett Wise 212-542-7888	Daniel J. Burke 312-913-8152	Ruben J. Brooks 678-732-2363	Mary V. Walsh 817-978-5807	Angela Corcoran (Acting) 415-489-6606
MF Production Director	Stacey L. Ashmore 212-542-7840	Stephen P. Ott 312-913-8164	LaDonna B. Mills 678-732-2132	Kenneth L. Cooper 817-978-5836	Angela M. Corcoran 415-489-6606
LIHTC Branch Chief	Joseph McNealy 617-994-8222	Scott R. Greuel 312-913-8193 Or Lesley Johnson 312-913-8266	Edward Wallace 678-732-2012	Susan Meyers 817-978-5867	Erica B. Kodiyan 415-489-6661
Designated Pilot Underwriters	Jill Papoulias	Jesse Stewart	Faith Boock	Fawn Barrington	Danny Gallant
	Neal Lydon	Ken Doresky	Lisa Gibson	Natalia Marin-Ontiveros	Julie Carter
	George G. Keefe	Elizabeth Geer	Kathy Brewer		Heather Shea
		Andres Acosta	Bob Doran		Laura Stutzman
		Kevin Piggott	Donald Winston		
		Paul Vasilakos	Jonathan Mosley		
		Sara Bergen			
		John Karlen			
DPU for deals in Ozs	Neal Lydon	Jesse Stewart	Lisa Gibson	TBD	Julie Carter
		Ken Doresky			Laura Stutzman
		Elizabeth Geer			

# **Required HUD New Pilot UW Training**

Atlanta, GA on April 16, 2019

OR

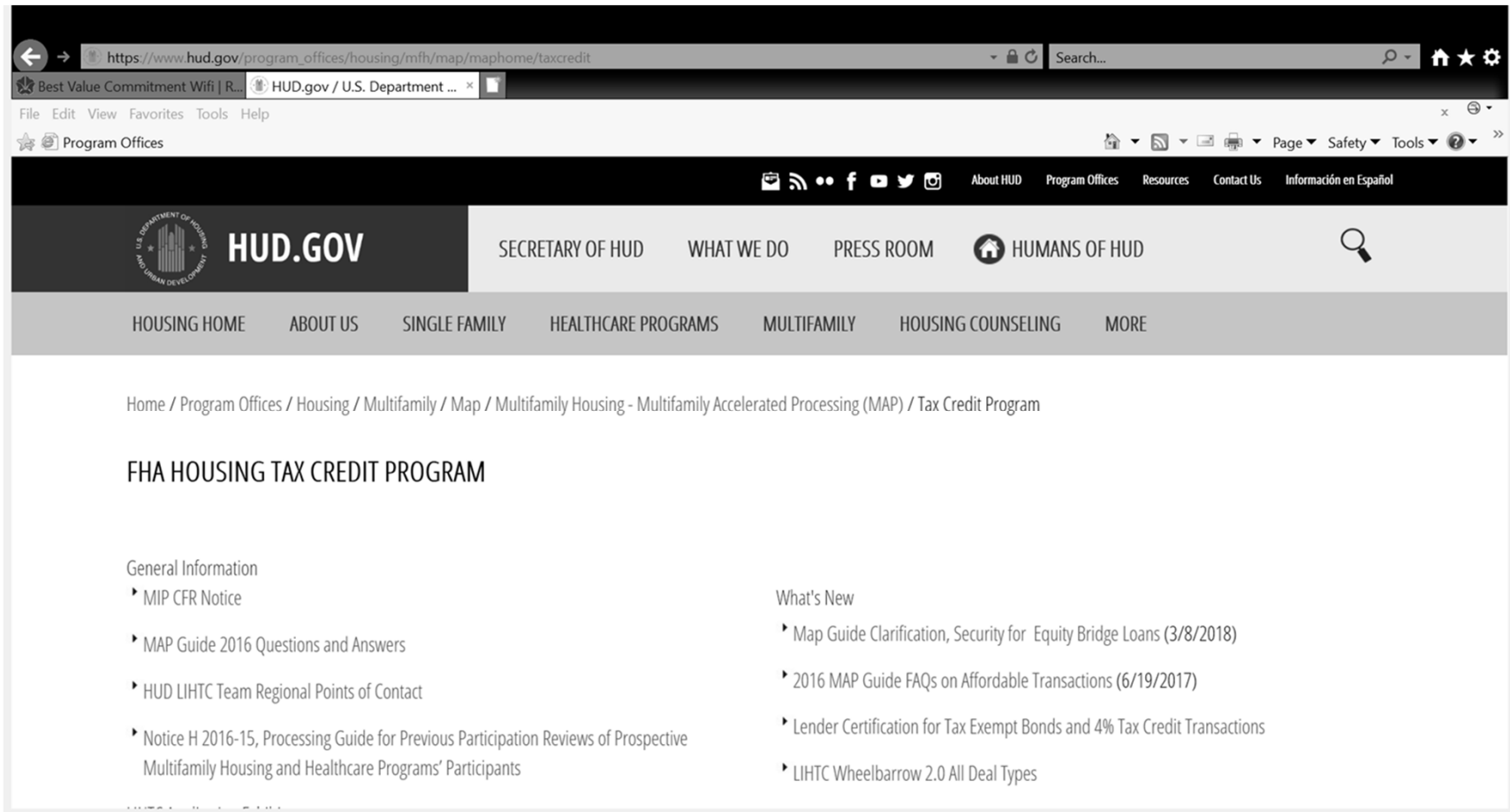
Ft. Worth, TX on May 6, 2019



If you have any questions, please call  
Elizabeth H. Arteaga at  
202-402-3584 or send an email to:  
[Elizabeth.h.Arteaga@hud.gov](mailto:Elizabeth.h.Arteaga@hud.gov)

# HUD LIHTC Web Page:

[https://www.hud.gov/program\\_offices/housing/mfh/map/maphome/taxcredit](https://www.hud.gov/program_offices/housing/mfh/map/maphome/taxcredit)



The screenshot shows a web browser window displaying the HUD LIHTC web page. The address bar shows the URL: [https://www.hud.gov/program\\_offices/housing/mfh/map/maphome/taxcredit](https://www.hud.gov/program_offices/housing/mfh/map/maphome/taxcredit). The page features a dark header with the HUD.GOV logo and navigation links. The main content area is titled "FHA HOUSING TAX CREDIT PROGRAM" and includes two columns of links under the headings "General Information" and "What's New".

**HUD.GOV**

SECRETARY OF HUD WHAT WE DO PRESS ROOM HUMANS OF HUD

HOUSING HOME ABOUT US SINGLE FAMILY HEALTHCARE PROGRAMS MULTIFAMILY HOUSING COUNSELING MORE

Home / Program Offices / Housing / Multifamily / Map / Multifamily Housing - Multifamily Accelerated Processing (MAP) / Tax Credit Program

## FHA HOUSING TAX CREDIT PROGRAM

**General Information**

- MIP CFR Notice
- MAP Guide 2016 Questions and Answers
- HUD LIHTC Team Regional Points of Contact
- Notice H 2016-15, Processing Guide for Previous Participation Reviews of Prospective Multifamily Housing and Healthcare Programs' Participants

**What's New**

- Map Guide Clarification, Security for Equity Bridge Loans (3/8/2018)
- 2016 MAP Guide FAQs on Affordable Transactions (6/19/2017)
- Lender Certification for Tax Exempt Bonds and 4% Tax Credit Transactions
- LIHTC Wheelbarrow 2.0 All Deal Types