

LIHTC Property Valuation Process

March 19, 2019

Documents to Gather:

- ▶ Limited Partnership Agreement or Operating Agreement
- ▶ Prior Property Tax Statements
- ▶ 8609s
- ▶ Land Use Restriction Agreement
- ▶ Cost Certification
- ▶ Perm / TIF Loan Documents (monthly payments to lender)
- ▶ Soft Loan Documents (HOME, AHP, Trust, CDGB, 1602, Exchange, etc.)
- ▶ GP Loan Documents (incl. deferred developer fee)
- ▶ Prior year audit report

Limited Partnership Agreement

What to find:

- ▶ Name of Partnership (owner)
 - ▶ Legal Name
- ▶ General Partner Ownership %
- ▶ Limited Partner Ownership %
- ▶ Number of Units
- ▶ Type of Development (drop down)

Common errors:

- ▶ No Name
- ▶ Marketing name instead of legal
- ▶ No GP/LP ownership percentages
- ▶ GP/LP ownership percentages which do not equal 100%
- ▶ Text in number of units field (eight instead of 8)

Tax Statements

What to find:

- ▶ Addresses
- ▶ Parcel Identification Numbers

Common errors:

- ▶ Blank fields
- ▶ Listing State in City field
(Omaha, NE instead of Omaha)
- ▶ Including “County” in County field
(Sarpy County instead of Sarpy)

8609s

What to find:

- ▶ Placed in Service Date
 - ▶ Use most recent date if multiple

Common errors:

- ▶ Blank field
- ▶ Range (5/31/2017-10/31/2017)
- ▶ “See Attached” or a Listing
 - ▶ Only one date necessary

Land Use Restriction Agreement (LURA)

What to find:

- ▶ Original Federal Tax Credits
- ▶ Original State Tax Credits (if applicable)
- ▶ Original Total Tax Credits
- ▶ Compliance Period (# of years)
- ▶ Extended Use Period (# of years)
- ▶ Total Affordability (# of years)
- ▶ Set-Aside Election (20/50 or 40/60)
- ▶ Mixed Income Configuration (if applicable)

Common errors:

- ▶ Blank fields
- ▶ “Total tax credits” does not equal the sum of “Federal” and “State”
- ▶ “Total Affordability” does not equal sum of Compliance and Extended Use
- ▶ “Years” added to Periods (15 years instead of 15)
- ▶ Date or range provided instead of actual number of years
- ▶ Income % fields do not equal Total Units

Audited Cost Certification

What to find:

- ▶ Total Development Costs
- ▶ Qualified Basis
- ▶ Equity Investment (by all partners)
- ▶ Grants (very rarely used)
- ▶ Original loan source(s) (each should have detailed loan information)

Common errors:

- ▶ Blank fields
- ▶ Soft loans, deferred fees, GP equity entered as grants
- ▶ **Total Development Costs does not equal Total Financing sources**

Debt/Mortgage Information

(up to four loans, combine if necessary)

What to find:

- ▶ Original Lender
- ▶ Original Date Closed
- ▶ Original Loan amount
(should match cost certification)
- ▶ Original Interest Rate
- ▶ Original Term in Years
- ▶ Amortization Term in Years
- ▶ Maturity Date
- ▶ Lien Position
- ▶ Repayment Requirements (drop down)

Common errors:

- ▶ Blank fields if debt present
- ▶ Text in Date Closed field
- ▶ **Text in interest rate field**
- ▶ Text in Term and Amortization
(just enter number)
- ▶ Text for maturity date
(90 days after compliance period)
- ▶ **Total Financing Sources does not
equal sum of Equity and all Original
Loan amounts**

Audit Report

What to find:

- ▶ Current Loan Amount
- ▶ Revenues
- ▶ Expenses
- ▶ Reserve Deposits
- ▶ Loan Information

Common errors:

- ▶ Financial information not matching Audit Report
- ▶ Large variances compared to prior years without explanation
- ▶ Including debt payments
- ▶ Including capital improvements

Things to keep in mind:

- ▶ Multiple people are looking at this form
- ▶ People look at this form for different reasons
 - ▶ Identifying cap rate for the State down to specific property assessment
- ▶ Every cell is important
 - ▶ Ask for assistance if unable to find what should be inputted, do not leave blank
- ▶ Every property feeds into one large spreadsheet for analysis
 - ▶ Intended formatting needs to be considered

Questions:

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