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)
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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