U.S. Department of Housing and Urban Development

2017 Housing Innovation Marketplace

March 21-22 Conference

Southwest Region

Kansas City
Fort Worth
Southwest Region
Construction Activity
FY17 – 1st Quarter

221d4 New Construction
$1.8 B
15,692 units

221d4 SubRehab
$250.4 M
2,987 units

220 SubRehab
$54.3 M
376 units

241a/223f refi
$2.5 M
364 units

HFA Risk New Construction/SubRehab
$0 M
0 units

213 Coop
$10.7 M
148 units

Total
2.1 B*
19,567 Units

* Total is based off of all projects processed in Region, including a handful of states outside of our Region.
Southwest Region
Concept Meetings
FY17: Oct.1 - Current

- **Arkansas**
  - 5 Concepts

- **Iowa**
  - 2 Concepts

- **Kansas**
  - 4 Concepts

- **Louisiana**
  - 18 Concepts

- **Missouri**
  - 15 Concepts

- **Nebraska**
  - 1 Concept

- **New Mexico**
  - 0 Concepts

- **Oklahoma**
  - 5 Concepts

- **Texas**
  - 102 Concepts

**Total**
161 Concepts
Low-Income Housing Tax Credit (LIHTC)

- LIHTC was created in 1986 and made permanent in 1993, as an incentive for private developers and investors to provide much needed low-income housing.
- In July 2008, the Housing and Economic Recovery Act (HERA) provided statutory rulings for FHA multifamily program changes, to facilitate the use of insured mortgages with LIHTC developments.
- Generally, 9% LIHTC is awarded when 70% of the low-income unit costs are provided by the investor.
- Generally, 4% LIHTC is awarded when 30% of the low-income unit costs are provided by the investor.
- LIHTC properties tend to have lower debt service payments and lower vacancy rates than market rate properties.
Advantages of FHA Financing

221(d)(4) — New Construction/Sub-Rehab
- 40-year amortization loan including construction financing
- Non-recourse
- Timeline: 60 days from application to firm commitment. 30 days to initial close.
- Delayed submission of plans & specs (30 days prior to initial closing)

221(d)(4) — New Construction/Sub-Rehab LIHTC Program
- New 221(d)(4) Pilot Program coming soon
- Mortgage Insurance Premium: .25% due to HUD at closing, with 0.25% annually thereafter.
- Usually follow “direct to firm” application submission, but no pre-application fees apply if traditional two-stage processing occurs
- Interest Rate: Fixed rate subject to market conditions at rate lock.
Advantages of FHA Financing

223(f) — Refinance

• 35-year amortization loan including construction financing
• Non-recourse
• Usually follow “direct to firm” application submission, but no pre-application fees apply if traditional two-stage processing occurs
• Timelines: 45 days from application to firm commitment. 30 days to close.

223(f) — Refinance LIHTC Program

• Up to $40,000 in repairs per unit with no Davis-Bacon requirement
• Mortgage Insurance Premium: .25% due to HUD at closing, with 0.25% annually thereafter.
• HUD Application Fee: 30 basis points ($3 per $1,000) of requested loan amount, due with application to HUD.
• Interest Rate: Fixed rate subject to market conditions at rate lock.
• Construction period may exceed 12 months*

*May request waiver on a case-by-case (flexibility)
Southwest Region Closings

- Out of 33 LIHTC deals closed in FY 17, one property is located in Nebraska

- Property Information:
  - Initial 221(d)(4) New Construction
  - 192 Units
  - $15,891,500, at a Broadly Affordable (0.25%) MIP rate
  - Project is located in Omaha
Southwest Region Pipeline Numbers

Pending Endorsement FY17 (to date)

Units: 10,444
$1,033,607,600
Total Projects: 73
Southwest Region FY17 Closings

Closed for FY17 (to date)

Units: 14,514
$1,335,304,400
Total Projects: 95

TX: 20
OK: 3
NM: 1
LA: 1
AR: 2
KS: 2
NE: 1
IA: 5
MO: 4

221d4 NC  221d4 SR  223f  223a7  F 213 NC  220 NC
Southwest Region FY16 Closings

Closed for FY16

Units: 38,108  
$3,119,462,612  
Total Projects: 229

*Workshare
Contacts for LIHTC Applications

Jovanna Morales – LIHTC Branch Chief: 817-978-5768
Jovanna.M.Morales@hud.gov

Lisa Campfield – Program Analyst: 817-978-5654
Lisa.A.Campfield@hud.gov
Construction Email Box

Our Construction Mailbox is monitored daily by our analysts

We encourage you to submit the following construction requests to SWConstruction@hud.gov upon Initial Closing of all New Construction/Sub Rehab loans:
- Permissions to Occupy (PTO)
- Change Orders
- Draw Requests
- Construction Inspections
- Repair Escrows -COMING SOON – These requests will transition from Asset Management to Production

Production Email Box

The Southwest Production team recently set-up a NEW inbox. We encourage you to submit the following production inquiries to SWProduction@hud.gov:
- Concept Meeting Correspondence (please mail concept packages)
- Pre-Application and Firm Application Correspondence (application packages should be mailed)
- Requests for FHA Numbers
- Requests for Production Pipeline activity within the Southwest Region
Other Electronic Mailboxes

The following two mailboxes are used to receive new incoming work from external and internal clients:

**MFSouthwest@hud.gov**

This box receives general correspondence/incoming requests for all properties serviced by the Southwest Region. Oversight of this box is assigned to support staff and their respective Branch Chiefs.

**MFSouthwestMARs@hud.gov**

This box receives all incoming Monthly Accounting Reports (MARs) for properties serviced by the Southwest Region. Oversight of this box is assigned to support staff and their respective Branch Chiefs.