



# Underwriting Information

February 2024



# AHFA Multifamily Competitive Cycle – Underwriting Updates

Operating and First Mortgage	2023	2022	2021	2020	2019
<b><u>Assumptions</u></b>					
Vacancy Rate:	7%	7%	7%	7%	7%
Maximum Expenses per Unit:	\$5,700	\$5,000	\$4,950	\$4,800	\$4,700
Conventional Rate:	7.00%	6.50%	6.50%	7.00%	7.00%
Conventional Term (HOME Term):	20	20	20	20	20
Debt Service Coverage:	1.20	1.20	1.20	1.20	1.20
<b><u>Development Costs</u></b>					
Construction Period:	15	12	12	12	12
Project Reserves:	4mths of exp. + 2mths of DS	4mths of exp. + 2mths of DS	4mths of exp. + 2mths of DS	4mths of exp. + 2mths of DS	½ of exp. + 3mths of DS
Developer Fee:	15%	15%	15%	15%	15%
Housing Credit Price:	0.85	0.86	0.86	0.85	0.87

# AHFA Multifamily Competitive Cycle – Underwriting Updates

## 2024 Underwriting Assumptions

Vacancy Rate	7%
Maximum Expenses / Unit	\$5,700
Conventional Rate	7.00%
Debt Service Coverage	1.20
Housing Credit Price	TBD





HOUSING CREDITS | HOME | HOUSING TRUST FUND | HOME-ARP



# Environmental Information

February 2024



# AHFA Multifamily Competitive Cycle - Environmental Guidance

- All AHFA Environmental Requirements for all competitive applications are found in Addendum B of the [current year Plans](#).
- Additional Post-Award environmental documentation identified in the [AHFA Environmental Assessment Checklist](#) is required for HOME, HOME ARP, and HTF projects .

# AHFA Environmental Requirements

PLAN/STUDY

REPORT

IMPLEMENT

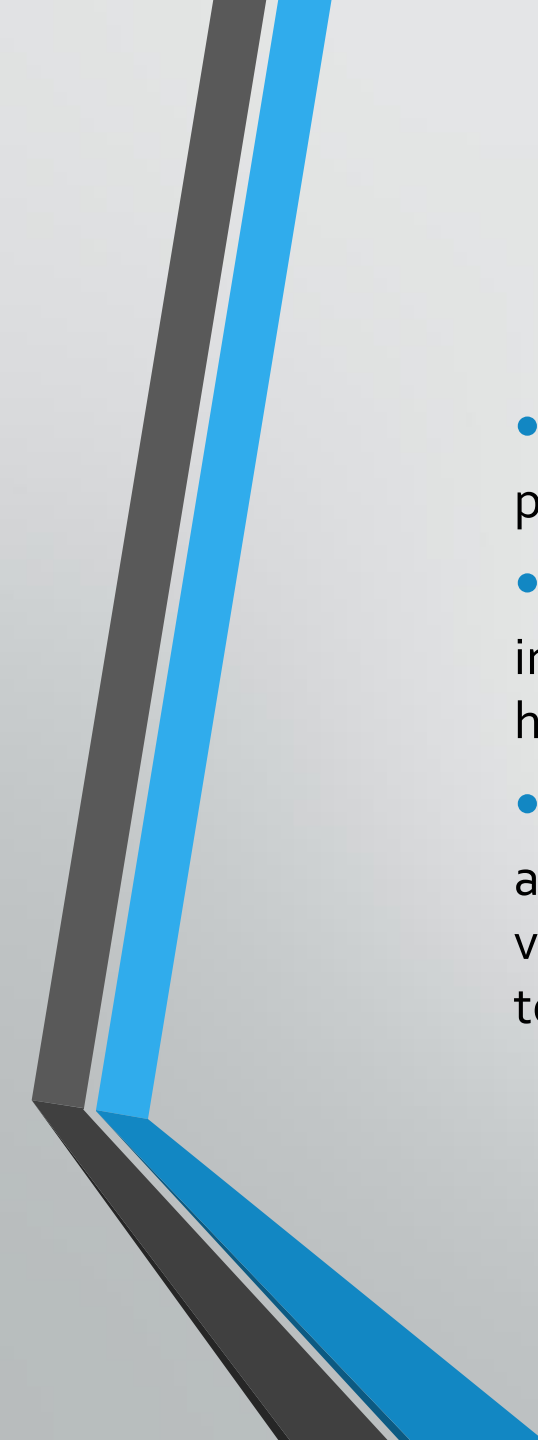
# AHFA Environmental Policy Requirements (Addendum B)

## Clarifications for 2024

AHFA requires the use of the most current version of the ASTM for Phase II reports E1903.

There are limited exceptions for unrestricted residential use requirements.

AHFA requires the use of the most current version of the ASTM Phase I Reports E-1527-21.

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- **Site Boundaries:** Provide accurate site boundaries to EP for the property seeking AHFA funding.
  - **Site History:** Provide, as soon as possible to the EP, any relevant information regarding the Applicant's knowledge of the site and its history.
  - **Regulatory Approvals:** Be prepared to allow enough time for applicable regulatory approvals (e.g., a jurisdictional determination or voluntary clean-up plan) so that any required approval is obtained prior to the due date.



# AHFA Environmental Tips

<https://www.ahfa.com/multifamily/environmental>

- *These tips are not meant to be exhaustive of all the items you should consider when working with your EP. Rather, the tips are meant to help applicants and their EPs avoid common mistakes.*
- *Although the tips are designed to be consistent with AHFA's Environmental Policy Requirements and related policies and regulations, only the requirements set forth in AHFA's current year allocation plans are controlling.*

# Tips

## Working with Your Environmental Professional



**Cost:** Understand that environmental assessments for AHFA-funded projects require significantly more work than a standard Phase I Environmental Site Assessment (ESA) and are more costly than a standard Phase I ESA.



**Timing:** Start discussions with your EP as early as possible (as soon as possible after a site is selected) to ensure they have sufficient time to prepare a complete environmental assessment before the application deadline.



**Scope of Assessment:** Carefully review the scope of work with the EP to ensure it fully complies with all of AHFA's Environmental Policy Requirements.

# Tips

## Common Environmental Report Deficiencies

- Noise: must have complete noise worksheets. Include all maps, documents requested on the worksheets & make sure the worksheet summary is complete
- Environmental Data Search distances must comply with AHFA standards.
- [HUD Exchange Partner Worksheets](#) must be included in reports.
- Airport worksheet must include the 2,500 & 15,000 feet radius maps
- Legal Descriptions in reports must match those in the application.
- Acreage in report must match the project site acreage.
- Schematic in report must be the architect's schematic from the application.

Document	% of Applications with Error(s)	Error(s)
1.1 Summary: Phase I ESA	71%	Discrepancy on acreage reported. No AHFA Non-scope summary included.
3.1 Site Description: Site location (latitude & longitude) and Legal Description (metes and bounds). Legal description matches application?	62%	Legal descriptions do not match. Indicate which legal description to use. Property comprises of several parcels.
5.1-5.8 Records and Maps: Database Report: (Discuss all listed regulated facilities, other notable facilities, and orphan facilities), physical setting sources, historical sources.	85%	Missing Environmental prof statement. Historical summary & data gaps paragraphs conflict w/each other. Explanation needed on Phase II ESA is recommended.
8.1-8.6 Evaluation (Findings, Opinions and Conclusions): Phase I ESA. ASTM Statements, AHFA Environmental policy, EP statement (40 CFR part 312) and signature.	38%	Correction needed on report date, project name and VES missing.
Appendix G - Interview Documentation (Document the interviewee's contact information and date of interview)	38%	No information and documentation of interviews conducted was provided.

## Common Application Errors- Environmental



All AHFA Environmental Requirements for all competitive applications are found in Addendum B of the [current year Plans](#).



Additional Post-Award environmental documentation identified in the [AHFA Environmental Assessment Checklist](#) is required for HOME, HOME-ARP and HTF projects.

# AHFA Multifamily Competitive Cycle - Environmental Guidance



# Tips

## After Application Submitted

- **Response to AHFA Missing Documents/ Clarifications:** Upon receipt of AHFA comments to the environmental assessment, immediately forward those comments to the EP in order to ensure response within required 10-day turnaround time.
- **Missing Documents:** please review submittal against what was originally provided.
- **If the Project is Funded:** additional environmental documents may be required.



**Thank you**

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