

2016 Qualified Allocation Plan and Developers Fee

- Oregon 15% former policy: maximum developer fee is up to 15% of total project expenses less developer fee and reserves
- % of Rehab new concept: applies to rehabilitation projects and allows 17% of rehab/construction costs for 9% (minimum of \$750,000) LIHTC projects and 20% for 4% LIHTC projects (minimum \$600,000)
- \$ per new Unit new concept: applies to new construction projects and allows up to \$22,000 per unit built for 9% LIHTC (minimum \$400,000) and \$25,000 for new unit for 4% LIHTC (minimum \$600,000)
- 15% new concept: allows maximum developer fee up to 15% of project cost less Acquisition, developer fee and reserves in addition to 5% for acquisition in an unrelated transaction / 0% for acquisition where there is an identity of interest
- 12% new concept: allows maximum developer fee up to 12% of project cost less Acquisition, developer fee and reserves in addition to 5% for acquisition in an unrelated transaction / 0% for acquisition where there is an identity of interest

4% LIHTC

4% project data	4% LIHTC				
	Project Example acq/rehab	Project Example acq/rehab	Project Example acq/rehab	Project Example new construction	Project Example new construction
total cost	\$4,621,996	\$12,143,780	\$17,110,006	\$12,931,711	\$38,641,109
acquisition cost	\$2,376,888	\$5,739,487	\$7,900,000	\$4,000	\$3,895,125
construction cost	\$1,000,000	\$3,073,292	\$3,711,885	\$9,034,675	\$25,759,750
development cost	\$1,245,108	\$3,331,001	\$5,498,121	\$3,893,036	\$11,933,257

Developer Fee Options	% of construction									
Developer Fee taken	\$591,778	59%	\$1,500,000	49%	\$2,123,634	57%	\$1,275,000	14%	\$4,240,000	16%
% of rehab <i>new concept</i>	\$600,000	60%	\$768,323	25%	\$927,971	25%	-	-	-	-
\$ per new Unit <i>new concept</i>	-	-	-	-	-	-	\$1,175,000	13%	\$3,875,000	15%
15% <i>new concept</i>	\$281,753	28%	\$781,116	25%	\$1,093,199	29%	\$1,656,338	18%	\$4,404,765	17%
12% <i>new concept</i>	\$231,441	23%	\$641,631	21%	\$897,985	24%	\$1,360,563	15%	\$3,618,200	14%
Oregon former policy	\$591,782	59%	\$1,529,745	50%	\$2,107,614	57%	\$1,714,139	19%	\$5,013,748	19%
Colorado	\$581,583	58%	\$1,151,765	37%	\$1,563,091	42%	\$1,714,139	19%	\$3,562,022	14%
Indiana	\$812,500	81%	\$1,515,000	49%	\$1,419,000	38%	\$695,000	8%	\$1,455,000	6%
Maryland	\$573,623	57%	\$549,337	18%	\$1,685,384	45%	\$1,083,756	12%	\$2,500,000	10%
Minnesota	\$322,417	32%	\$818,243	27%	\$1,124,060	30%	\$1,714,139	19%	\$2,673,999	10%
North Carolina	\$285,000	29%	\$875,888	29%	\$1,057,887	29%	\$611,000	7%	\$1,700,000	7%
Ohio	\$543,800	54%	\$1,475,581	48%	\$1,750,000	47%	\$1,355,201	15%	\$1,750,000	7%
Utah	\$322,613	32%	\$897,562	29%	\$1,142,139	31%	\$808,640	9%	\$2,899,708	11%
Virginia	\$250,000	25%	\$1,058,693	34%	\$1,717,971	46%	\$914,207	10%	\$2,751,901	11%
Washington	\$235,250	24%	\$1,113,456	36%	\$2,107,614	57%	\$1,714,139	19%	\$5,013,748	19%
Wisconsin	\$259,506	26%	\$855,376	28%	\$1,370,091	37%	\$1,371,310	15%	\$3,125,102	12%

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9% LIHTC

9% applicant project data	Project Example	Project Example	Project Example	Project Example	Project Example
	acq/rehab preservation	acq/rehab preservation	new construction	new construction	new construction
total cost	\$12,965,550	\$16,203,221	\$7,132,942	\$8,344,724	\$9,143,981
acquisition cost	\$5,605,000	\$6,217,852	\$405,000	\$655,000	\$422,000
construction cost	\$4,480,000	\$5,958,136	\$4,471,805	\$5,269,356	\$5,983,490
development cost	\$2,880,550	\$4,027,233	\$2,256,137	\$2,420,368	\$2,738,491

Developer Fee Options	% of construction									
Developer Fee taken	\$1,650,188	37%	\$1,440,000	24%	\$759,000	17%	\$750,000	14%	\$1,035,000	17%
% of rehab <i>new concept</i>	\$761,600	17%	\$1,012,883	17%	-	-	-	-	-	-
\$ per new Unit <i>new concept</i>	-	-	-	-	\$704,000	16%	\$770,000	15%	\$1,188,000	20%
15% <i>new concept</i>	\$1,203,767	27%	\$1,302,439	22%	\$895,166	20%	\$1,031,486	20%	\$1,155,998	19%
12% <i>new concept</i>	\$1,038,854	23%	\$1,069,861	18%	\$738,931	17%	\$853,140	16%	\$953,337	16%
Oregon former policy	\$1,650,188	37%	\$2,058,608	35%	\$915,276	20%	\$1,067,651	20%	\$1,175,541	20%
Colorado	\$754,976	17%	\$1,024,801	17%	\$862,450	19%	\$982,216	19%	\$920,409	15%
Indiana	\$962,500	21%	\$1,075,000	18%	\$499,500	11%	\$540,000	10%	\$765,000	13%
Maryland	\$1,406,492	31%	\$1,788,266	30%	\$897,667	20%	\$1,039,173	20%	\$1,157,193	19%
Minnesota	\$960,411	21%	\$1,200,239	20%	\$528,366	12%	\$618,128	12%	\$677,332	11%
North Carolina	\$1,100,000	25%	\$1,100,000	18%	\$416,000	9%	\$455,000	9%	\$702,000	12%
Ohio	\$952,250	21%	\$1,204,613	20%	\$976,145	22%	\$1,135,809	22%	\$1,239,273	21%
Utah	\$1,402,700	31%	\$1,594,271	27%	\$574,700	13%	\$641,300	12%	\$954,120	16%
Virginia	\$1,366,045	30%	\$1,141,849	19%	\$771,387	17%	\$892,088	17%	\$984,873	16%
Washington	\$1,650,188	37%	\$1,247,584	21%	\$637,920	14%	\$744,120	14%	\$819,316	14%
Wisconsin	\$1,379,082	31%	\$1,680,148	28%	\$775,092	17%	\$911,622	17%	\$991,016	17%

Developer Fee State Comparison

Novagradac DRAFT Report

	Developer Fee (Amount, Deferred, Related Party)
Col.	12% if >50 units, 15% if <51 units of Total Project Costs – land, developer fees, consultant fees and reserves.
Ind.	-first 15: \$18k/unit new, \$20k/unit rehab -next 30: \$13.5k and \$15k -next 30: \$10k and \$12.5k -any >75: \$6K - \$1.2M max if 9%, \$2M w/bonds
Md.	-15% for first \$10M of development -10% of acquisition; 10% and 5% >\$10M; excludes contingencies, syndication, reserves required by lenders or investors, consultant fees and the developer's fee. Fee is capped at \$2.5 million.
Minn.	8% of total costs – developer & consultant fees; if >50 units, 15% if <51 units
N.C.	\$13,000/unit for new, 28.5% for rehab, max of \$1.1M for 9% and \$1.7M w/bonds
Ohio	-allocated: 15% of total rehab and new const. eligible basis and 5% of acquisition -bonds: 20% of rehab and new const. eligible basis (amounts >15% must be deferred) and 15% of acquisition Minimum fee = \$500,000 Maximum fee = \$1,750,000
Utah	lesser of 18% Developer Profit Basis or \$17,200/unit 6% of acquisition Developer Profit Basis = Site work + rehab/New construction + contingency + A&E – Impact Fees.
Va.	complex set of limits, including the lesser of -15% for first \$1M in total costs – Developer & consultant fees - reserves -12% for \$1-\$10, and -8% for >\$10M in TDC – Developer & consultant fees - reserves and -10% of acquisition (none if there is an identity of interest) plus 25% of rehab basis – Developer & consultant fees - reserves
Wash.	-15% of total less developer fee, consultant fees, reserves and related party acquisition, or 10% if rehab is <¼ of building value -max points for 10% -final amount set by agency 10 days before equity closing
Wisc.	New construction based on total development costs – developer & consultant fees 15% for <25 units 12% for 25-55 units 9% for >55 units -rehab 12% of hard costs + soft costs (excluding developer & consultant fees) for >25 units; 15% for <25 units or for Preservation Projects involving HUD/RD. -acquisition based on chart below

Wisconsin acquisition developer fee chart

Percentage of Rehabilitation: Hard Rehab Costs Divided by Acquisition Cost	Eligible <u>Acquisition</u> Fee for Projects with 25 or more Units**	Eligible <u>Acquisition</u> Fee for Projects with 24 or Fewer Units, or for Preservation Projects Involving HUD/RD**
10 – 19%	5%	8%
20 – 39%	6%	9%
40 – 59%	8%	11%
60 – 79%	10%	13%
80% and over	12%	15%

**Those developments that include an "Identity of Interest" will be limited on the amount of developer's fee that can be charged. An Identity of Interest situation between the seller and buyer of real estate limits the fee for the acquisition portion to 3% of the acquisition cost or a minimum of \$5,000. Outcomes:

<https://www.wheda.com/uploadedFiles/Website/LIHTC/Allocating/WHEDA%202015%20LIHLC%20Results.pdf>