



Underwriting Standards and Development Policies for Multifamily Finance - Attachment A

PROJECT DEVELOPMENT ELIGIBLE COSTS

Below is a table showing eligible project costs that can be included in the development budget and paid from project sources. All costs must be for the project awarded the funds and will be reviewed for reasonableness compared to similar projects and other resources. All costs must be substantiated with back-up documentation, such as invoices and contracts. Some costs are project eligible but cannot be paid from certain sources of funds; refer to the table below for information. Any discrepancies between this table and the program requirements (HOME, HTF, etc.), the more conservative requirements shall govern. Eligible costs are marked with a “Y” under each funding source if the specific cost is eligible to be paid from that source of funds. Ineligible costs are marked with “X” if the cost cannot be paid by that source of funds.

HOME and HTF: funds should primarily be used to pay for costs related to acquisition, construction, environmental studies, architectural, engineering, and related professional services required to prepare plans and specifications. Other eligible costs that can be considered secondary to the above costs, including project legal costs (related to the project and loan closings, but not organizational legal costs such as costs to create the ownership entity), impact fees, developer fee, and relocation costs.

A list of overall project ineligible costs can be found below this table.

*The table of eligible costs and the list of ineligible costs are intended to provide clear guidance to developers and are **not** intended to delineate LIHTC eligible basis or qualified basis costs. Those decisions are made by and between the developer and their accountant, in compliance with program requirements, and are reviewed by NH Housing staff using the final cost certification prepared at project completion. Any questions about eligible basis or qualified basis should be directed to the developer’s accountant.*

Cost Categories (eligible project costs overall)	HOME	HOME-ARP	HOME-LIKE (HOME matching Funds)	HTF	AHF	LIHTC Equity	InvestNH-NHH	InvestNH-BEA ⁽¹⁾
Land Acquisition	Y	Y	Y	Y	Y (rehab)/ X (new construction)	Y	Y	X
Building Acquisition	Y	Y	Y	Y	Y (rehab)/ X (new construction)	Y	Y	X
Transfer Taxes	Y	Y	Y	Y	Y	Y	Y	X

⁽¹⁾ Only costs incurred on or after May 4, 2022 can be paid from project sources.

Cost Categories (eligible project costs overall)	HOME	HOME-ARP	HOME-LIKE (HOME matching Funds)	HTF	AHF	LIHTC Equity	InvestNH-NHH	InvestNH-BEA⁽¹⁾
Hard Construction Costs	Y	Y	Y	Y	Y	Y	Y	Y
Furniture, Fixtures & Equipment	X	X	X	X	Y	Y	Y	X
Remediation (lead, asbestos etc.)	Y	Y	Y	Y	Y	Y	Y	Y ⁽²⁾
Performance & Payment Bond Fees	Y	Y	Y	Y	Y	Y	Y	X
Architectural and Engineering	Y	Y	Y	Y	Y	Y	Y	X
Consultant-Developer	X	X	X	X	Y	Y	Y	X
Consultant-Specialized (HTC, Solar, etc.)	X	X	X	X	Y	Y	Y	X
Construction Origination and Loan Fees	Y (private lender only)	Y (private lender only)	Y (private lender only)	Y (private lender only)	Y	Y	Y	X
Long-Term Debt Origination and Loan Fees	X	X	X	X	Y	Y	Y	X
Credit Enhancement Fees/MIP	X	X	X	X	Y	Y	Y	X
Bond Loan Fees	X	X	X	X	Y	Y	Y	X
NH Housing Construction Services Fees (inspections and other)	Y	Y	Y	Y	Y	Y	Y	X
Financing Application Fees	X	X	X	X	Y	Y	Y	X
Accounting Fees Related to Property/Final Cost Certification Fees	Y	Y	Y	Y	Y	Y	Y	X
Construction Loan Interest	Y	Y	Y	Y	Y	Y	Y	X
Lender's Legal Fees	Y	Y	Y	Y	Y	Y	Y	X

(2) Remediation costs shall only include lead and asbestos.

Borrower Legal Fees – Development Project Representation	Y	Y	Y	Y	Y	Y	Y	X
Title Insurance and Recording Fees	Y	Y	Y	Y	Y	Y	Y	X
Property Taxes During Construction	Y	Y	Y	Y	Y	Y	Y	X
Permitting Fees	Y	Y	Y	Y	Y	Y	Y	X
Impact Fees	Y	Y	Y	Y	Y	Y	Y	X
LIHTC Allocation and Monitoring Fees	Y	Y	Y	Y	Y	Y	Y	X
HOME, HTF, AHF and other Capital Subsidy Monitoring Fees	Y	Y	Y	Y	Y	Y	Y	X
Appraisal Report	Y	Y	Y	Y	Y	Y	Y	X
Market Study Report	Y	Y	Y	Y	Y	Y	Y	X
Environmental Reports	Y	Y	Y	Y	Y	Y	Y	Y
Site Survey	Y	Y	Y	Y	Y	Y	Y	X
Relocation Costs (Residential/Commercial)	Y	Y	Y	Y	Y	Y	Y	X
Developer Fee	Y	Y	Y	Y	Y	Y	Y	X
Syndication Fees	X	X	X	X	Y	Y	Y	X
Initial Funding of Escrows and Reserve Accounts	X ⁽³⁾	X ⁽³⁾	X ⁽³⁾	X ⁽³⁾	Y	Y	Y	X
FFB Trustee Fees and FFB Operating Reserve	X	X	X	X	Y	Y	Y	X

The following costs are examples of ineligible project cost, regardless of the source of funds and whether or not the costs are able to be included in eligible basis for LIHTC projects. This is not an all-inclusive list. NH Housing, in its sole discretion, will make final decisions.

- Partnership organizational costs, such as the cost to prepare the limited partnership's tax return
- Property Management costs after initial lease up (after the construction loan is paid in full, unless a rent-up escrow has been funded and approved by NH Housing)
- Purchase of heavy construction equipment
- Late payment fees on past due invoices/costs (unless extenuating circumstances exists and the late fees have been approved by NH Housing)

⁽³⁾ If 70% or more of the total funding is from this source, then NH Housing may permit the source of funds to be used to fund the initial operating reserve. No other escrow or reserve accounts can be funded with this source.