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Preliminary Findings from the Interstate Cost Database (ICD)

Bryan Grady, Ph.D., Research Analyst

Ohio Housing Finance Agency

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What is the ICD?

- Includes 816 9% LIHTC projects from IL, IN, IA, MI, MN, NE, OH, and WI
- Assembled for the 2017 Midwest Finance Housing Collaborative Summit, since updated with additional and revised information from several states
- Covers most projects with final cost certification filed from 2012 to 2016
- Aggregated line items from cost certs into eight common categories:

Acquisition

Pre-Development

Hard Costs

Professional Fees

Financing & Interim

Developer Fees

Project Reserves

Other Expenses



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How was this done?

- Initial concept developed at 2016 Summit and follow-up conference call
- Working group established in early 2017 including staff from all states
- Cost certification forms collected from all states in the spring
- OHFA staff developed crosswalk structure (given different states' forms) and identified data points of interest; states approved methodology
- Over the summer, states processed cost certs into categorical data and other information where possible
- Information from seven states was aggregated and cleaned by September
- Additional data collected and processed since; states agreed last month to update the database annually



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Assessment	Pre-development	Hard costs	Professional fees	Financing & interim costs	Developer fees	Project reserves	Other expenses
Illinois	Indiana	Iowa	Michigan	Minnesota	Nebraska	Ohio	Wisconsin
Land Acquisition	Land	Land	Lease/Purchase	Land	Land	Land	Land
Building Acquisition	Demolition	Demolition	Existing Buildings	Existing Structures	Existing Structures	Land Broker Fees	Purchase of Buildings
Demolition	Existing Structures	Existing Structures	Other	Demolition	Demolition (new)	Building Acquisition	Demolition
Site Improvements	Other	On-site Work	On-Site Improvements	Special Assessments	On-Site Improvements	Other Acquisition	Other
Off-Site Improvements	Other	Off-site Work (not in Construction Contract)	Off-Site Improvements	Other	Site Grading, Clearing, Etc.	Survey(s) Costs	Site Work
New Construction/Rehab	Other	Demolition	Landscaping and Irrigation	Residential	Off-site Improvements	Architectural Fees	Off-Site Work
Accessory Building	Site Work	Garages (not included in rent)	Structures	Garages	New Building Hard Costs	Engineering Fees	Landscaping
General Requirements	New Building	Parking (not included in rent)	Community Building and/or Maintenance Facility	Accessory Structures	Rehabilitation Hard Costs	Appraisal	Other
Contract Overhead	Rehabilitation	Landscaping	Construction not in Tax Credit basis (e.g. Carports)	On Site Work	Accessory Building	Market Study	Construction of New Buildings
Contractor Profit	Accessory Building	New Building	General Requirements	Off Site Work	Construction Contingency	Environmental Report	Rehabilitation
Construction Contingency	General Requirements	Rehabilitation	Builder Overhead	Other	Architect Design	Title & Recording	Accessory Buildings
Other Construction (FFME)	Contractor Overhead	Lead Based Paint Measures	Builder Profits	General Requirements	Architect Supervision	Other Predevelopment	Personal Property
Architect Fee - Design	Accessory Building	Accessory Building	Permits & Fees	Builder's General Overhead	Engineering Fees	Demolition	General Requirements
Architect Fee - Supervision	Architect Fee - Design	Garages that are part of LIHTC rent	Soil Borings/Tap Fees	Builder's Profit	Survey	Off-Site Improvements	Contractor Overhead
Attorney - Real Estate	Architect Fee - Supervision	Surface Parking that is part of LIHTC rent	Bond Premium	Construction Contingency	Construction Insurance	On-Site Improvements	Contractor Profit
Financing/Project Consultant	Consultant or Processing Agent	Underground Parking that is part of LIHTC rent	Contractor's Cost Certification	Other	Construction Loan Interest	Other Site Development/On-Site Relocation	Construction Supervision
Engineering/Survey Fees	Engineering Fees	Community Service Facility	Other	Exterior	Origination Fee	General Requirements	Other
Other Fees (Permits)	Other	General Requirements	Design Architect Fees	Garages	Construction Period Taxes	Permit	Construction
Hazard Insurance (Construction Period)	Building Permits	Builder Overhead	Supervisory Architect Fees	Accessory Structures	Bridge Loan Expense	Site Security	Architect's Fee - Design
Liability Insurance (Construction Period)	Tap Fees	Builder Profit	Real Estate Attorney	Interior	Property Appraisal	Commercial Costs (Not Hard Construction)	Architect's Fee - Inspection/Supervision
Performance Bond	Soil Borings	Builder Bond Fee	Engineer/Survey	Mechanical Systems	LIHTC Fees	Hard Construction (Residential New Const.)	Other
Construction Period Interest	Real Estate Attorney	Construction Contingency	Other	Electrical Systems	Environmental Study/Review	Hard Construction (Residential Rehab.)	Construction Insurance
Construction Loan Origination Fee	Construction Loan Legal	Asbestos Abatement/Containment	Property & Casualty Insurance (During Construction)	Other	Market Study	Hard Construction (Commercial)	Construction Loan Interest
Construction Loan Credit Enhancement Fee	Title and Recording	Other	Construction Period Interest	General Requirements	Real Estate Attorney	Hard Construction (Amenity Fee Items)	Construction Loan Origination Fee
Inspection Fees	Other	Architect Fees - Design	Title & Recording (During Construction)	Builder's General Overhead	Real Estate Consultant	Furniture, Fixtures & Equipment	Construction Loan Credit Enhancement
Title and Recording (Construction Loan Docs)	Construction Insurance	Architect Fees - Supervision (Inspection)	Construction Taxes	Builder's Profit	LIHTC Consultant Fee	Contractor Overhead	Construction Period Real Estate Taxes
Legal Fees (Construction Financing)	Construction Period Interest	Engineer Fees	Legal Fees	Construction Contingency	Contractor Overhead	Contractor Profit	Water, Sewer, and Impact Fees
Construction Period Real Estate Taxes	Other Capitalized Operating Expenses	Attorney Fees (Real Estate)	Other	Environmental	Contractor Profit	Other Hard Construction	Other
Other (Perm Loan Conversion Fee)	Construction Loan Orig. Fee	Accountant Fees	Loan Commitment Fee to MSHDA	Abatement Contract	General Requirements	Construction Insurance	Cost of Bond Issuance
Permanent Loan Origination Fee	Construction Loan Credit Enhancement	Construction Insurance	Other	Abatement Contingency	Developer Overhead	Construction Interest	Permanent Loan Origination Fee
Permanent Loan Credit Enhancement Fee	Construction Period Taxes	Construction Interest	Market Study	Architect's Fee - Design	Developer Fee	Construction Loan(s) Fees	Permanent Loan Credit Enhancement
Cost of Issuance/Underwriters Fee	Fixed Price Contract Guarantee	Construction Loan Origination Fee	Environmental Studies	Architect's Fee - Supervision	Title & Recording	Permanent Loan(s) Fees	Other
Title and Recording (Permanent Loan Docs)	Bond Premium	Construction Loan Credit Enhancement	Equipment and Furnishings*	Marketing	Permitting	Costs of TE-Bond Issuance	Property Appraisal
Legal Fees (Permanent Financing)	Credit Report	Taxes During Construction	Cost Certification (Tax Credit and Mortgage's)	Surveys and Soil Borings	Marketing and Surveys	Impact Fees/Tap Fees/Taxes	Market Study
Other (State & City Fees and Permits)	Construction Period Taxes	Water, Sewer, and Impact Fees	Equipment and Furnishings*	Permitting	Marketing and Surveys	Permitting Costs/Marketing	Environmental Report
Market Study	Permanent Loan Credit Enhancement	Bond Premium	Temporary Tenant Relocation	Surveys and Soil Borings	Marketing and Surveys	Other Interim Costs/Finance	Survey
Environmental Study	Cost of Iss/Underwriters Discount	Bond Costs	Appraisal and C.N.A.	Appraisal Fee	Appraisal Fee	Legal Fees (not syndication related)	Rent-Up/Marketing
Tax Credit Processing Fees	Title and Recording	Credit Report	Other	Appraisal Fee	Tax Opinion	Accounting Fees	Tax Credit Application Fees
Marketing and Rent-Up Expense	Contractor's Fee	Cost of Issuance	Start-up and Organization	Energy Audit	Rent-Up Reserves	Developer's Fee - Overhead	Tax Credit Compliance Fee
Tax Credit Consulting Fees	Other	Permanent Loan Origination Fee	Tax Credit Fees	Environment Assessment	Operating Reserves	Consultant Fees	Tax Credit Allocation Fee
Accounting/Cost Certification	Property Appraisal	Permanent Loan Credit Enhancement Fee	Compliance Monitoring Fees	Cost Certification / Audit	Other	Organizational Fees	Cost Certification/Account Fees
Appraisal	Market Study	Attorney's Fees	Marketing Expense	Market Study	Marketing Expense	Organizational Fees	Title and Recording
Other (Misc Soft Costs)	Environmental Report	Letter of Credit (LOC) Fees	Syndication Legal Fees	Tax Credit Fees	Tax Credit Fees	Asset Management Fee	Permanent Relocation Expenses
Organizational Expenses (Syndication)	ICDA Fees	Title and Recording	Rent-Up Allowance	Compliance Fees	Compliance Fees	Other Professional Fees	Temporary Relocation Expenses
Bridge Loan Interest	Consultant Fees	Placement Fee	Other	Furnishings and Equipment	Furnishings and Equipment	Housing Credit Application Fee	Housings and Equipment
Bridge Loan Fee	Guarantee Fees	Property Appraisal	Developer Overhead and Fee	Legal Fees	Legal Fees	Housing Credit Reservation Fee	Capital Needs Assessment Report
Developer's Fees and Overhead	Other	Market Study	Operating Assurance Reserve	Developer's Fee	Mortgage Insurance Premium	Legal Fees - Miscellaneous	Legal Fees - Miscellaneous
Project Reserves	Organizational (Partnership)	Environmental Report	Replacement Overhead	Processing Agent	Revenue Bond Premium	Other Compliance Costs/Off-Site Relocation	Legal Fees - Real Estate
	Bridge Loan Fees and Expenses	Survey	Operating Deficit Reserve	Other Consultant Fees	Other	Operating Reserves	Other
	Tax Opinion	Rent-Up/Marketing	Tax and Insurance Error	Other	Organization Fees	Replacement Reserves	Bridge Loan Fees and Expenses
	Other	Tax Credit Application Fee	Other	Bridge Loan	Tax Opinion	Other Reserves	Organizational (Partnership)
	NFP	Tax Credit Compliance Fee		Tax Opinion	Other		Tax Opinion
	FP	Tax Credit Reservation Fee		Other	Hazard & Liability Insurance		Received
	Rent-Up Reserve	IFA Construction Monitoring Fee		Other	Construction Interest		Overhead
	Operating Reserve	9000 Fee		Other	Taxes during Construction		Consultants
	Other Capitalized Reserves	Cost Certification/Accounting Fees		Other	Agency First Mortgage Inspection Fee		Other
		Permanent Relocation Expenses		Other	Other Inspection Fee		Rent-Up
		Temporary Relocation Expenses		Other	Agency Development Fee		Operating
		Furnishings and Equipment		Other	Other Origination Fee		Replacement
		Capital Needs Assessment Report		Other	Mortgage Insurance Premium		Capital Needs
		Other Attorney's Fees		Other	Revenue Bond Premium		Debt Service
		Other		Other	Title and Recording		Escrows
		Bridge Loan Fees and Expenses		Other	Agency Development Cost Escrow		Other
		Organizational (Partnership)		Other	Other		Intermediate Costs
		Tax Opinion		Other	Project Reserves		
		Developer's Fee		Other	Finance Fees		
		Developer Overhead		Other	Organization Costs		
		Consultants Fee		Other	Syndication Fees		
		Rent-Up Reserve		Other	Other Ineligible Expenditures		
		Operating Reserve					
		Escrows					



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What projects are included?

- State: OH 169, WI 147, MI 136, IN 117, IL 90, MN 63, NE 51, IA 43
 - Some cost certs missing due to suballocations, other irregularities
- Location: 569 (70%) sited in a metropolitan statistical area (MSA)
- Type: 427 new build projects (52%) and 389 rehab projects (48%)
- Population served: 254 (31%) senior, 123 (15%) PSH, 85 (10%) SFH
 - Remaining 354 projects (43%) are general purpose housing

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What is an average ICD project?

- Costs \$9,503,601 to build; includes basis of \$7,021,993*
- Contains about 60 units; average cost per unit is \$177,112
- Covers 64,579 gross SF; average cost per SF is \$161.84
- Hard costs average \$5,441,891, or 57.7% of project cost
- Developer fees average \$928,187, or 10.1% of project cost

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Average Project Costs by State

State	Total Cost	Cost/Unit	Cost/BR	Cost/SF
IL	\$13,196,371	\$234,093	\$170,724	\$218.17
IN	\$8,781,309	\$167,410	\$119,311	\$154.21
IA	\$7,224,316	\$148,335	\$85,241	\$145.95
MI	\$11,426,325	\$163,893	\$114,684	\$164.37
MN	\$9,010,209	\$177,473	\$153,439	\$151.46
NE	\$6,237,651	\$176,290	\$89,675	\$182.95
OH	\$8,760,491	\$170,555	\$142,557	\$160.19
WI	\$8,904,353	\$178,266	\$92,795	\$134.08
Total	\$9,503,601	\$177,112	\$122,790	\$161.84

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Average Project Costs by Site

State	Total Cost	Cost/Unit	Cost/SF
Chicago MSA	\$15,763,778	\$253,137	\$232.18
Other Metro	\$10,220,080	\$175,221	\$157.68
Non-Metro	\$6,573,775	\$163,486	\$154.48
Total	\$9,503,601	\$177,112	\$161.84

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Average Project Costs by Type

Type	Total Cost	Cost/Unit	Cost/SF
New Build	\$9,189,123	\$196,043	\$165.46
Rehab	\$9,848,799	\$156,330	\$157.85
Total	\$9,503,601	\$177,112	\$161.84

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Average Project Costs by Type

Population	Total Cost	Cost/Unit	Cost/SF
General	\$9,820,441	\$177,003	\$163.44
Senior	\$9,786,049	\$189,414	\$161.09
Single-Family	\$8,000,161	\$202,319	\$139.25
Supportive	\$9,047,416	\$189,414	\$174.40
Total	\$9,503,601	\$177,112	\$161.84

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Average Project Costs by Year

Year*	Total Cost	Cost/Unit	Cost/SF
2012	\$8,699,885	\$163,371	\$152.35
2013	\$8,681,259	\$162,687	\$154.44
2014	\$8,746,366	\$169,628	\$154.86
2015	\$9,076,847	\$169,064	\$155.89
2016	\$10,057,104	\$185,856	\$156.59
Total	\$9,503,601	\$177,112	\$161.84

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Average Hard Cost Share by State

State	2012	2013	2014	2015	2016	Total
IL						52.7%
IN	63.8%	62.9%	69.1%	72.6%	73.6%	67.3%
IA	n/a	69.3%	65.9%	62.7%	66.6%	65.3%
MI	50.4%	48.3%	52.2%	47.2%	50.0%	49.4%
MN	43.3%	57.3%	55.3%	47.4%	53.8%	52.7%
NE	60.9%	67.0%	66.1%	63.7%	65.0%	64.2%
OH	53.7%	50.8%	54.4%	55.1%	53.4%	53.7%
WI	59.8%	62.9%	59.8%	63.3%	66.8%	63.0%
Total	56.0%	58.5%	58.8%	57.7%	60.4%	57.7%

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Average Hard Cost Share by Type

Type	2012	2013	2014	2015	2016	Total
New Build	63.1%	66.3%	65.6%	67.9%	68.3%	64.5%
Rehab	46.0%	50.3%	51.7%	49.3%	54.1%	50.2%
Total	56.0%	58.5%	58.8%	57.7%	60.4%	57.7%

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Average Hard Cost Share by Population

Population	2012	2013	2014	2015	2016	Total
General	51.0%	56.7%	57.7%	51.3%	54.8%	54.1%
Senior	59.7%	56.1%	56.1%	59.4%	61.1%	58.0%
Single-Family	57.0%	60.9%	61.8%	61.0%	68.4%	60.8%
Supportive	61.6%	68.2%	64.1%	66.0%	65.5%	65.3%
Total	56.0%	58.5%	58.8%	57.7%	60.4%	57.7%

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Average Developer Fees by State

State	Total Fee	Fee/Unit	Fee/SF	% of Cost
IL	\$1,151,601	\$20,626	\$18.85	8.7
IN	\$785,982	\$14,978	\$14.30	9.5
IA	\$532,252	\$11,566	\$11.47	7.7
MI	\$1,178,487	\$17,853	\$17.64	11.0
MN	\$813,259	\$16,583	\$14.31	9.4
NE	\$564,478	\$17,275	\$16.52	9.8
OH	\$984,976	\$19,444	\$18.21	11.3
WI	\$898,986	\$18,442	\$13.71	10.2
Total	\$928,187	\$17,717	\$16.06	10.1

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Average Developer Fees by Population

Population	Total Fee	Fee/Unit	Fee/SF	% of Cost
General	\$946,852	\$17,515	\$16.26	10.0
Senior	\$941,226	\$15,978	\$15.82	9.9
Single-Family	\$878,334	\$22,662	\$15.23	11.0
Supportive	\$881,996	\$18,471	\$16.57	10.0
Total	\$928,187	\$17,717	\$16.06	10.1

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What are the takeaways?

- Project location generally has little impact on costs, with the exception of those in the Chicago MSA
- Single-family homes are more expensive per unit, but supportive units are costlier per square foot
- New builds and projects in smaller states had higher proportions of expenses dedicated to hard costs

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Moving Forward in 2018

- What questions do these findings raise for you?
- What topics, whether related to cost containment or not, might be worth evaluating collaboratively?
- What is the role of applied research for HFAs?