PHB Underwriting Homeownership Metrics

PHB will use the following quantitative standards ("Underwriting Metrics" or "Metrics") to evaluate projects for financial feasibility and sustainability. These Metrics are based on PHB funded projects and current industry standards. PHB will refer to these Metrics for all projects applying for funds through a PHB solicitation.

Below guidelines were developed specifically for homeownership, please see separate guidance for rental projects. PHB anticipates that most, but not all, projects will conform to these guidelines. If non-conforming, it is expected that the proposer will provide a detailed explanation of the rationale. These Metrics are subject to periodic review and revision as needed. Interpretation of all terms is at PHB's sole discretion.

Proforma Assumptions

- Sources and uses are balanced with no gaps
- Hard cost contingencies are at or below 5% in line with OHCS LIFT guidelines
- Hard cost price escalation of 5% per year.
- Interest rate and construction loan terms in line with lender LOI
- SDC waivers should be listed as a source. Development teams should work with PHB's Development Incentives team to apply for these incentives as well as the Homeownership Limited Tax Exemption (HOLTE).
- Contractor overhead, profit and general conditions are within the required range: 14% or less of total construction cost or 10% or less of total construction cost for a contractor with an identity of interest. "Identity of Interest" means any relationship where the purchaser and seller are related, affiliated through a business relationship, or both.
- Net profit is limited to 10% of total development costs in line with OHCS guidelines.

  Net Profit = (Total Sources (including projected home sale revenue) - total costs – loan pay off + developer fee) / (Total Development costs – developer fee)

Cost Savings

Hard & Soft Costs Savings

- 100% to Developer*

*PHB may revise cost savings allocations if the project has additional gap funders (e.g., OHCS LIFT)