

The WVHDF has approximately \$20 million of ERA2 funds available to fund affordable housing production and preservation in conjunction with the Low-Income Housing Tax Credit (LIHTC) Program. ERA2 funds were created under the American Rescue Plan Act and can be used for housing production and/or preservation under the following conditions:

1. The project must serve very low-income residents (50% AMI). The number of 50% AMI units required is determined by the percentage of ERA2 funds used to fund the total project cost (Example: If 25% of the overall project cost is funded with ERA2 funds, then 25% of the project's units must serve very low-income residents (50% AMI)),
2. The income limitation described in #1 must be imposed through a land use restriction agreement for a period of at least 20 years, and
3. The project must conform to and meet the requirements of another federal housing program, such as:
 - a. Low-Income Housing Tax Credit Program, or
 - b. HOME Investment Partnerships Program, or
 - c. National Housing Trust Fund Program

Given the conditions stated above, it appears that ERA2 funds can be easily paired with the LIHTC Program. As you prepare your 2023 LIHTC applications, please consider whether ERA2 funds can be used in your financing structure. ERA2 funds can be requested on Page 8 of the WVHDF Form 1040 application. Please consider the following when applying for ERA2 funds:

- Preference in awarding ERA2 funds will be given to 4% LIHTC applicants over 9% LIHTC applicants.
- ERA2 Funds can only be used to finance hard constructions costs.
- The Fund would like to see ERA2 funding requests from projects that can amortize all or the majority of the ERA2 funds requested to establish a sustainable pool of funds. Amortizing ERA2 funds should be listed on page 8 of the WVHDF Form 1040 with a rate of 3.0% and a term of 20-years.
- If deferred ERA2 funds are requested, a cash-flow-dependent payment equal to 50% of the project's annual net cash flow will be required. Deferred ERA2 funds should be listed on page 8 of the WVHDF Form 1040 with a rate of 0% and a term of 20-years.
- ERA2 funds must be spent (loaned) no later than September 30, 2025

If you have questions related to ERA2 funds, please contact Nate Testman at ntestman@wvhdf.com to discuss structure and terms.