

Jacqueline B. Knights, Chair & Designee
Office of the State Treasurer

Rhonda L. Nelson, Designee
Oregon Department of Administrative Services

Theresa K. Deibele, Public Member



**PRIVATE ACTIVITY
BOND COMMITTEE**
867 Hawthorne Ave SE
Salem, OR 97301-5241
(503) 378-4930
Fax (503) 378-2870
DMD@ost.state.or.us

April 12, 2023

TO: Members of the Private Activity Bond Committee

FROM: Jacqueline B. Knights, Chair
Office of the State Treasurer, Director of Debt Management Division

SUBJECT: Meeting on Wednesday, April 19, 2023

The Private Activity Bond Committee will meet on Wednesday, April 19, 2023, to discuss the 2023 Volume Cap Allocation requests and other agenda topics.

This meeting will be conducted from 10:00 am – 12:00 pm (estimated end time) via a hybrid system; Microsoft Teams will be used for the virtual meeting side, while the Jim Hill Conference room located at the Oregon State Treasury building will house anyone that would like to physically attend the meeting; see enclosed Public Meeting Notice and Agenda for participation details.

An e-copy of the meeting packet is provided on the [PAB webpage](#). Due to remote working locations of staff, a hard copy is not distributed; please print if hard copy is preferred.

Please contact us at 503-378-4930 if you have any questions.

TAB 1 –

PUBLIC MEETING NOTICE & AGENDA

APRIL 19, 2023

TAB 2 – PAB STATUS

2022 CARRYFORWARD SUMMARY UPDATE

2023 VOLUME CAP STATUS AND UPDATE

2023 VOLUME CAP ALLOCATIONS

Private Activity Bond Carryforward Allocation History

ALLOCATION YEAR	ALLOCATED TO/USED BY:	AMOUNT ALLOCATED	USED	Closed or Issued	/ Expiring	PURPOSE	IRS 8328 File Date
2022	Oregon Housing and Community Services Department IRC 142(a)(7) and 142(d)	\$157,849,180.06				Affordable Housing	1/26/2023
	Housing Development Note (Park Ave), 2023 Series A		\$ 11,310,000.00	3/15/2023			
	Housing Development Note (Colonia Paz II), 2023 Series D		\$1,000,000.00	3/16/2023			
	Housing Development Note (Plambeck Gardens), 2023 Series E-1, E-2		\$34,915,000.00	4/20/2023			
Subtotal - OHCS D			\$47,225,000.00		\$110,624,180.06		
			*Verified figures with OHCS D on 4/11/23				
Total		\$157,849,180.06	\$47,225,000.00				

expires:
12/30/2025

2023
STATE OF OREGON
PRIVATE ACTIVITY BOND (PAB) VOLUME CAP
\$509,538,600
As of 4/18/23

	Legislatively Allocated	Amount Requested To Date	Amount Approved To Date	Allocation		Date Allocated	Date Used	Date Expires/ Returned
				Used To Date	Remaining			
PAB Committee - Allocation x SB 5505 (2021-23 Legislature)	\$151,862,385							
Additional Allocation based on 07-01-2021 U.S. Census Data	\$66,676,215							
TOTAL PAB Committee Allocation for 2023:	\$218,538,600							
Oregon Business Development Department								
<i>EPCOR Foothills Water Project - HOLD (Coming in Q3/Q4 formally)</i>								
Home Forward								
<i>Grace Peck Terrace</i>		\$23,440,000.00	\$23,440,000.00	\$0.00	\$23,440,000.00	1/18/23		12/15/23
Home Forward								
<i>Grace Peck Terrace</i>		\$2,340,000.00						12/15/23
TOTALS		\$ 25,780,000.00	\$ 23,440,000.00	\$ -	\$23,440,000.00			\$ -

TOTAL PAB Committee Allocation for 2023: \$218,538,600.00
Allocation Approved to Date: **(\$23,440,000.00)**
Allocation Returned to Committee: \$0.00
Total Remaining Available to Allocate: \$195,098,600.00

Total Amount Volume Cap Requested for Today's Meeting: \$2,340,000.00

State Agency Allocation x SB 5505 (2021-23 Session)

Oregon Business Development Commission - <i>Industrial Development</i>	\$40,000,000.00			\$0.00				12/15/23
					\$40,000,000.00			
Oregon Housing & Community Services Department	\$250,000,000.00							
<i>Housing Development Bond (Alder 9), 2023 Series B</i>				\$43,292,053.00		1/18/23		
<i>Housing Development Note (Champion Park), 2023 Series C</i>				\$16,284,017.00		2/1/23		
					\$190,423,930.00			12/15/23
Oregon Business Development Department								
Beginning & Expanding Farmer Loan Program	\$1,000,000.00			\$0.00				12/15/23
					\$1,000,000.00			
Total amount Allocated for 2023 to State Agencies:	\$291,000,000.00			\$59,576,070.00	\$231,423,930.00			

2022 PAB Allocation [population estimate x \$cap/capita]: ¹

FY21 U.S. Census Population for Oregon	IRS \$ Cap per Capita	Oregon Total PAB Volume Cap
4,246,155	\$120.00	\$509,538,600

¹ FY21 U.S. Census Bureau population estimates released late July 2021
For information regarding population estimates visit the U.S. Census Bureau at <http://www.census.gov/popest>
<https://www2.census.gov/programs-surveys/popest/tables/2020-2021/state/totals/>

**Private Activity Bond Committee
2023 Current Allocations
As of 4/18/23**

State Agencies	Legislative Cap Allocations ¹	PAB Current Requests	PAB Committee Approved Allocations	Allocations	Meeting PAB Committee Approved Allocations
Oregon Housing & Community Services Department	250,000,000.00			250,000,000.00	
Oregon Business Development Department (OBDD)--IDBs	40,000,000.00			40,000,000.00	
OBDD--Beginning & Expanding Farmer Loan Program	1,000,000.00			1,000,000.00	
State Agency Subtotals	291,000,000.00			291,000,000.00	

Total PAB Committee Allocation² 218,538,600.00 (or \$54,634,650/quarter)³

Local Government			
Oregon Business Development Department - EPCOR Water Project <i>HOLD (Coming in Q3/Q4 formally)</i>		0.00	0.00
Home Forward - Grace Peck Terrace		0.00	23,440,000.00
Home Forward - Grace Peck Terrace		2,340,000.00	
Local Government Subtotals		2,340,000.00	23,440,000.00

Oregon PAB Volume Cap Totals⁴	509,538,600.00	2,340,000.00	23,440,000.00
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2022 Committee PAB Current Allocation Summary	
Committee Available Allocation Cap:	\$218,538,600.00
Current Approved: -	-\$23,440,000.00
Current Requests: -	-\$2,340,000.00
Expired/Returned to Committee ⁵ : +	\$0.00
Potential Remaining Allocation:	\$192,758,600.00

¹ Senate Bill 5505 (2021 Legislative Session for 2021-2023 biennium)

² PAB Legislative Allocation for 2022 + Additional Allocation Based on Census Data & IRS Cap per Capita

³ The Committee agrees to allocate its annual current volume cap in equal amounts throughout the year with any unallocated quarterly portions added to the next quarter.

$$\text{U.S. Census-Oregon} \times \text{IRS Cap per Capita} = \text{OR Total Volume Cap}$$

⁴ Calculated by multiplying U.S. Census FY21 Population by 2022 IRS Cap per Capita: 4,246,155 120 \$509,538,600

⁵ Balance of expired/returned 2022 Committee Current Allocations

Any excess resulting from an increase in population and/or dollar cap subsequent to adoption of the bond bill is allocated to the PAB committee for allocation.

TAB 3 –

2023 VOLUME CAP REQUEST

Home Forward

Grace Peck Terrace

Qualifying IRC 142(a)(7) & 142(d)

\$2,340,000

Project Presentation



April 11, 2023

VIA ELECTRONIC TRANSMISSION

Jacqueline Knights
Private Activity Bond Committee
Oregon State Treasury
867 Hawthorne Ave SE
Salem, OR 97301-5241

RE: 2023 Private Activity Bond Volume Cap – Supplemental Current Year Request for
Home Forward – Grace Peck Terrace (GPT) Renovation

Dear Jacqueline Knights and Committee Members,

Thank you for previously providing Home Forward with a 2023 current year allocation of \$23,440,000 for Grace Peck Terrace. Home forward respectfully submits this request to the Private Activity Bond Committee (the “Committee”) for an additional current year 2023 allocation of Private Activity Bond Volume Cap of \$2,340,000 for Grace Peck Terrace’s renovation. This request is within the 10% range allowable PAB cushion. This additional amount will supplement the January 2023 allocation of \$23,440,000 for a total allocation of \$25,780,000 for the \$49,935,160 renovation.

The allocation of Private Activity Bond Volume Cap is a critical element of the financing plan for preservation of this housing. The total requested allocation is projected to support a 54.92% of land and eligible basis financed by tax exempt bonds. Without this additional allocation, Grace Peck Terrace would lose at least \$9.37 million of its potential \$18.74 million of private tax credit equity.

Home Forward is requesting the increased allocation to cover cost increases of \$4.1 million predominantly in two areas:

- 1) The appraisal set the property value and agreed upon price at \$14.9 million, an increase of \$2.38 million more than previously estimated at \$12,517,037, and
- 2) Construction bids and scope increased construction costs by \$1.74 million.

Home Forward supports these increased costs with \$2 million more in seller financing, \$1 million more in permanent debt, and \$1.6 million more in tax credit equity. The increased construction

costs will allow us to update the apartment kitchen and flooring, replace major systems and exterior envelope including the roof, windows, exterior siding, and replace many water-damaged steel studs.

The property will be owned by GPT Limited Partnership, of which Home Forward will serve as general partner and as issuer of the bonds pursuant to the authority granted in ORS 456.120(18) and (19). Home Forward will manage the renovation scope and construction, financing and when construction is complete, asset manage the development.

Grace Peck Terrace Renovation Summary:

Developer: Home Forward
PAB Issuer: Home Forward
Ownership: GPT Limited Partnership. Home Forward will be the sole general partner.
Description: Grace Peck Terrace apartments is renovation of one six-story building located at 1839 NE 14th Avenue in Portland’s Irvington neighborhood. The building includes resident community spaces and 95 units of affordable housing serving households at or below 60% AMI. All residential unit currently have and will retain project-based Section 8 rent assistance. This development will be leveraged with tax exempt bonds, 4% Low Income Housing Tax Credits (LIHTC), Oregon Affordable Housing Tax Credits (OAHTC), and private debt and equity.

Financing:

Total Project Costs:	\$49,935,160
Total PAB Need:	\$25,780,000

Schedule:

Bond Sale Date:	4/26/2023
Closing Date:	4/26/2023

Background and Description:

Home Forward has owned and operated Grace Peck Terrace since it was constructed in 1980. Home Forward is on schedule for a financial closing on April 26th 2023. Home Forward will preserve this subsidized housing by leveraging Private Activity Bonds, 4% LIHTC and OAHTC with conventional construction and permanent debt and Home Forward sources. Home Forward has received HUD’s approval to transfer the physical assets and rent assistance to GPT Limited Partnership to renovate and preserve the 95 subsidized residential units.

We enclose OHCS’s PAB acceptance letter received after submitting pre-application and full applications for 4% LIHTC. Home Forward’s Board of Commissioners is scheduled to amend and restate the bond inducement at its April 18, 2023 meeting. A draft of the to-be-amended and restated Inducement is enclosed. We are also enclosing the Project sources and uses and bond counsel letter to round out this application.

When completed Grace Peck Terrace will be 100% LIHTC housing and restricted to households earning 60% AMI or less. The project based rental subsidy makes this property affordable to households with extremely low income.

The development team consists of Walsh Construction and Holst Architecture. Home Forward has worked with both partners on previous affordable housing developments, including occupied renovations.

Key Milestones and Schedule:

We anticipate finalizing our selection of financial partners for equity and debt this month.

The upcoming project milestones are as follows:

January 2023	Done - Construction bidding review
February 2023	Done - Building permits received
February 2023	Done - Set Construction Contract Price
March 2023	Done - Board of Commissioner authorize resolutions
April 2023	Receive LIHTC reservation letter from OHCS
April 18, 2023	Obtain Board of Commissioners Amended Inducement
April 19, 2023	Request supplemental PAB volume Cap
April 26, 2023	Financial closing
May 1, 2023	Construction begins

Closing:

Enclosed with this letter is a Private Activity Bond Allocation Request Form and supportive documents that provide further detail in support of this request.

Enclosures include:

- 1) Private Activity Bond Volume Cap Allocation Request Form
- 2) Project Sources and Uses
- 3) Draft Amended and Restated Bond Inducement Resolution
- 4) Bond Counsel Letter
- 5) OHCS PAB Acceptance Letter

Grace Peck Terrace's renovation will be leveraged with tax exempt bonds, 4% LIHTC, OAHTC, and other sources. This property will be affordable to households earning 60% or less of AMI for at least 60 years.

Grace Peck Terrace's exterior update will greatly improve its as show in the following current photo and rendition of the improved building.

Current



Rendition of Improved Building



We appreciate the Committee's long-standing support of Home Forward and its affordable rental developments.

Warmest regards,

Theresa Auld
Finance Manager

cc: Ivory N. Mathews, Home Forward
Jonathan Trutt, Home Forward
Natasha Detweiler, OHCS
Allison Schwartzman, Foster Garvey

Jacqueline B. Knights, Chair &
Designee Oregon State Treasury

Rhonda L. Nelson, Designee
Department of Administrative Services

Theresa K. Deibele, Public Member



PRIVATE ACTIVITY BOND COMMITTEE

867 Hawthorne Ave SE
Salem, OR 97301-5241
(503) 378-4930
dmd@ost.state.or.us

PRIVATE ACTIVITY BOND ALLOCATION REQUEST

ALLOCATION REQUEST TYPE

DATE: 4/11/2023

- Current Year Allocation Request
 Carry Forward Allocation Request

ISSUER DETAILS

Issuer: Home Forward
Address: 135 SW Ash St.
City, State, Zip: Portland Or 97204
Contact Name: Theresa Auld
Contact Phone: 503-869-6550 Contact Email: Theresa.Auld@HomeForward.org

PROJECT INFORMATION

Title of Project: Grace Peck Terrace
Project Amount: Bond Amount: 25,780,000 Request Amount: 2,340,000
Sale Date: 4/26/2023 Closing Date: 4/26/2023

IRC Section & Paragraph Applicable to Qualifying Private Activity Bond Project (*if selecting 'Other', specify below*):

Residential rental projects (IRS 142(a)(7) & 142(d))

Please describe the project:

Grace Peck Terrace is a single buildings built in 1980 in the Irvington neighborhood of inner Northeast Portland. It's address is 1839 NE 14th Ave., Portland OR 97212. Grace Peck Terrace is a community of senior and/or disabled households in 95 one-bedroom apartments. All households must earn less than 50% of area median income (AMI) at move-in to the property. All 95 apartments have Section 8 project-based rental assistance.

Home Forward is requesting \$2,340,000 additional current year bond volume cap allocation for a total of \$25,780,000 (including a current allocation of \$23,440,000) to support this \$49.7 million project. Home Forward will issue bonds for a total bond loan of \$27,305,000 including \$25,780,000 tax-exempt (including this request) and a \$1,525,000 taxable tail to provide additional funds during construction.

Home Forward plans to issue the bonds April 26th, 2023 and start renovations shortly thereafter. Renovations will focus on system upgrades, unit kitchen and flooring updates and replacing the exterior envelope including windows, siding and roof. The renovations are expected to take 14 months and complete in July 2025. We will need to relocate residents from the construction areas, which will progress through the building. We have accumulated a number of vacant units through attrition to help separate resident from active construction areas and support necessary on-site moves. There may be a few off-site moves for reasonable accommodation requests or construction purposes.

We are asking for \$2,340,000 increase in bond cap allocation to support increased basis in land and construction scope for unit kitchens and flooring upgrades and replacement of more degraded steel studs. The increase in land basis is supported by an appraisal. These increased costs require additional bond volume cap to support a successful 50% test. We are currently requesting bond cap to support 54.9% of the land and depreciable basis. The additional requested amount is acceptable to OHCS.

Expected Number of Family Wage Jobs Created/Saved: 4

Describe how the project meets statutory standards:

The development of this project relies upon financing that includes 4% low income housing tax credits, tax exempt bond financing with an allocation of volume cap, and other conventional financing sources. This project would not be able to proceed without each of these financing sources. At least 50% of the aggregate basis of this project will be financed with tax-exempt bonds supported with a volume cap allocation. Home Forward is authorized under ORS 456.12 0(19) to issue bonds for financing this type of project and expects to issue bonds supported by a Current Year allocation in March 2023.

HOUSING PROJECT INFORMATION, if applicable

Expected Number of Resulting Housing Units: 95

Describe how the affordability status of housing units was determined:

All units of this low-income housing project will be restricted to serve households at or below 60% of median family income for federal Low Income Housing Tax Credits. Covenants that specify income and rent restrictions will be recorded against the property for the low-income housing tax credit program for at least 30 years and in the Regulatory Agreement for bond financing. Additionally, the rental subsidy will support tenant households with extremely low income and require households earn no more than 40% area median income at move-in.

If project qualifies for 4% low income housing tax credit (LIHTC), submit a [Low Income Housing Tax Credit Uses & Sources](#) (see sample).

Yes Has either a pre-application package or a final application package been submitted to [Oregon Housing & Community Services for 4% LIHTC?](#)

PRINCIPAL USER OF ISSUE PROCEEDS, if different from Issuer

Company: GPT Limited Partnership

Address: 135 SW Ash St.

City, State, Zip: Portland OR 97204

Contact Name: Theresa Auld

Contact Phone: 503-869-6550 Contact Email: Theresa.Auld@HomeForward.org

BOND COUNSEL

Firm Name: Foster Garvey PC

Address: 1111 Third Avenue, Suite 3000

City, State, Zip: Seattle, WA 98101

Contact Name: Allison Schwartzman

Contact Phone: 206-447-6406 Contact Email: A.Schwartzman@foster.com

Requests must be received by Oregon State Treasury – Debt Management Division (contact details on page 1) at least 2 weeks prior to a scheduled Private Activity Bond Committee meeting and must include a non-refundable \$200 application fee payable to the Office of the State Treasurer with “PAB” in the memo field. Payments by wire are preferred; wire instructions can be provided by fax or phone.

Issuer: Home Forward

Project Name: Grace Peck Terrace (GPT) Renovation

Location: 1839 NE 14th Ave. Portland, Oregon 97212

Date: 4/11/2023

Sources	Construction	Permanent
Tax Exempt Bond Financing (PAB Total Allocation)	25,780,000	17,140,000
Taxable Bond Financing (Taxable Tail)	1,525,000	-
Tax Credit Equity	2,811,138	18,740,921
Home Forward Sponsor Financing	6,021,396	3,222,335
Home Forward Seller Financing	9,000,000	9,000,000
Home Forward Equity	100	100
Deferred Developer Fee	4,797,526	1,831,804
Total	49,935,160	49,935,160

Uses	Total Project Costs	Per Unit	Per Sq. Ft.
Land	3,900,000	41,053	57
Building (Acquired Improvements)	11,000,000	115,789	160
Construction	20,917,776	220,187	304
Soft Costs	-	-	-
Development Costs	858,574	9,038	12
General Fees	7,338,285	77,245	107
Financing	1,231,358	12,962	18
Construction Period Interest	2,247,995	23,663	33
Relocation	1,260,000	13,263	18
Reserves and Contingencies	1,181,172	12,433	17
Total	49,935,160	525,633	726

	Total	Cash Paid Fee	Deferred Fee
Developer Fee	5,246,908	3,415,104	1,831,804
Consultant Fee	-	-	-
Aggregate Fees	5,246,908	3,415,104	1,831,804

PAB Volume Cap Requested	25,780,000
Estimated Tax Credit Basis and Land	46,944,214
PAB Volume Cap / Basis	55%



MEMORANDUM

To: Board of Commissioners

Date: April 19, 2023

From: Jonathan Trutt, Director,
Development and Community
Revitalization

Subject: Declaring an Intent to Issue Bonds
for Grace Peck Terrace Project
Resolution 23-04-xx

Theresa Auld, Finance Manager,
Development and Community
Revitalization

The Board of Commissioners is requested to approve a resolution that declares Home Forward's intention to issue and sell bonds in a principal amount not to exceed \$29,000,000 to finance the acquisition, rehabilitation, and equipping of Grace Peck Terrace, as further described below.

This action supports Strategic Plan Goal, One Portfolio: Our real estate is stable for generations to come and meets the needs of the people and neighborhoods it serves.

BACKGROUND

The Board of Commissioners previously adopted Resolution 21-10-03 on October 19, 2021 and Resolution 22-09-04 on September 20, 2022, declaring Home Forward's intent to issue up to \$20,000,000 and then \$25,000,000 of revenue bonds, respectively, the proceeds of which would be used to make a loan to a limited partnership (the "Borrower") to finance the acquisition, rehabilitation, and equipping of Grace Peck Terrace. Grace Peck Terrace is located at 1839 NE 14th Avenue, in Portland, Oregon. Passage of such "intent" resolutions is a standard procedure, required by the Internal Revenue Service, for all projects planning to utilize federal 4% Low Income Housing Tax Credits and tax-exempt bonds.

OVERVIEW

Since the date of adoption of Resolutions 21-10-03 and 22-09-04, Grace Peck Terrace's estimated construction costs and acquisition costs increased. Home Forward currently anticipates that the Borrower will request that Home Forward issue and sell revenue bonds in an amount up to \$29,000,000 for the purpose of making a loan to the Borrower to finance Grace Peck Terrace's renovations.

The adoption of this Resolution 23-04-xx will align the bond inducement with Resolution 23-03-03, which authorized issuance of one or more Multifamily Governmental Notes in a combined principal amount not to exceed \$29,000,000, in conjunction with Resolutions 23-03-02 and 23-03-04. The estimated increase in Grace Peck Terrace's construction and acquisition costs necessitates the passage of this resolution.

CONCLUSIONS

Home Forward staff requests that the Board of Commissioners authorize the Executive Director or her designee to approve the issuance and sell of bonds in a principal amount not the exceed \$29,000,000 to finance the acquisition and rehabilitation of Grace Peck Terrace.

Staff presented a draft of this memo and resolution to the Real Estate and Development (READ) Committee at its April 7, 2023 meeting.



RESOLUTION 23-04-xx

RESOLUTION 23-04-xx AUTHORIZES DECLARING AN INTENT TO ISSUE NOT TO EXCEED \$29,000,000 OF REVENUE BONDS FOR THE GRACE PECK TERRACE PROJECT

WHEREAS, Home Forward is a public body corporate and politic of the State of Oregon and is empowered by ORS 456.005 to 456.235 (the “Act”) to issue revenue bonds for the purpose of financing housing projects; and

WHEREAS, Home Forward intends to form one or more Oregon limited partnerships of which Home Forward will be the general partner (the “Borrower”) to finance the acquisition, rehabilitation and equipping of an approximately 95-unit apartment complex located at 1839 NE 14th Avenue, in the City of Portland, Oregon, all to provide housing for low-income persons (the “Project”), the estimated cost of which is currently not expected to exceed \$49,746,718; and

WHEREAS, the Board of Commissioners of Home Forward previously adopted Resolution 21-10-03 declaring Home Forward’s intention to issue revenue bonds in an amount up to \$20,000,000 to finance the Project; and

WHEREAS, the Board of Commissioners of Home Forward previously adopted Resolution 22-09-04 declaring Home Forward’s intention to issue revenue bonds in an amount up to \$25,000,000 to finance the Project; and

WHEREAS, the anticipated cost of the Project has increased since the date of adoption of Resolution 21-10-03 and 22-09-04; and

WHEREAS, Home Forward anticipates that the Borrower will request that Home Forward issue and sell its revenue bonds (the “Bonds”), in an aggregate amount not to exceed \$29,000,000 pursuant to the Act to assist the Borrower in financing part of the costs of the Project; and

WHEREAS, Home Forward desires to provide such assistance, if certain conditions are met; and

WHEREAS, the use of the proceeds of the sale of the Bonds by the Borrower will permit the Borrower to finance the Project, thereby providing decent, safe, and sanitary housing for persons and families of lower income (as defined in the Act) for a period of not less than 15 years and otherwise promoting the general health and welfare of the inhabitants within the jurisdictional limits of Home Forward; and

WHEREAS, Home Forward deems it necessary and advisable that it take such action as may be required under the Act to authorize and issue the Bonds in one or more series to finance part of the cost of the Project in a total amount not to exceed \$29,000,000; and

WHEREAS, Treasury Regulations Sections 1.103-8(a)(5) and 1.142-4(b) provide that, if an expenditure for an exempt facility is made before the issue date of the bonds issued to provide financing for that facility, in order for such expenditure to qualify for tax-exempt financing, the issuer must declare an official intent under Treasury Regulations Section 1.150-2 to reimburse such expenditure from the proceeds of those bonds, and one of the purposes of this resolution is to update the declaration set forth in Resolutions 21-10-03 and 22-09-04 to satisfy the requirements of such regulations.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF HOME FORWARD, as follows:

1. To assist in the financing of the Project, with the public benefits resulting therefrom, Home Forward declares its intention, subject to the conditions and terms set forth herein, to issue and sell its revenue bonds or other obligations (the "Bonds") in a principal amount of not to exceed \$29,000,000, to use the proceeds of the sale of the Bonds to make a loan (the "Loan") to the Borrower, and to reimburse itself or to permit the Borrower to reimburse itself, as applicable, from proceeds of the Bonds for expenditures for the Project made by Home Forward or the Borrower before the issue date of the Bonds.

2. The proceeds of the Bonds will be used to assist in financing the Project, and may also be used to pay all or part of the costs incident to the authorization, sale, issuance and delivery of the Bonds.

3. The Bonds will be payable solely from sources specified by resolution of the Board of Commissions of Home Forward. The Bonds may be issued in one or more series, and shall bear such rate or rates of interest, payable at such times, shall mature at such time or times, in such amount or amounts, shall have such security, and shall contain such other terms, conditions and covenants as shall later be provided by resolution of the Board of

Commissioners of Home Forward.

4. The Bonds shall be issued subject to the conditions that (a) Home Forward, the Borrower and the purchaser of the Bonds shall have first agreed to mutually acceptable terms for the Bonds and the sale and delivery thereof and mutually acceptable terms and conditions of the loan or other agreement for the Project, and (b) all governmental approvals and certifications and findings required by laws applicable to the Bonds first shall have been obtained. The Executive Director of Home Forward or his or her designee is authorized to seek an allocation of volume cap for the Bonds from the Private Activity Bond Committee of the Debt Management Division of the Oregon State Treasury.

5. For purposes of applicable Treasury Regulations, Home Forward and the Borrower are authorized to commence financing of the Project and advance such funds as may be necessary therefor, subject to reimbursement for all expenditures to the extent provided herein out of proceeds, if any, of the issue of Bonds authorized herein.

6. The adoption of this resolution does not constitute a guarantee that the Bonds will be issued or that the Project will be financed as described herein. The Board of Commissioners of Home Forward shall have the absolute right to rescind this resolution at any time if it determines in its sole judgment that the risks associated with the issuance of the Bonds are unacceptable.

7. It is intended that this resolution shall constitute a declaration of official intent to reimburse expenditures for the Project made before the issue date of the Bonds from proceeds of the Bonds, for the purposes of Treasury Regulations Sections 1.103-8(a)(5), 1.142-4(b), and 1.150-2.

8. Any actions of Home Forward or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

9. Any action required by this resolution to be taken by the Executive Director of Home Forward may in the absence of such person be taken by the duly authorized acting Executive Director of Home Forward.

10. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED: APRIL ____, 2023

ATTEST:

HOME FORWARD:

Ivory N. Mathews, Secretary

Damien Hall, Chair



Direct Phone: 206.447.6406
Fax: 206.749.1962
a.schwartzman@foster.com

March 31, 2023

Ms. Theresa J. Auld
Finance Manager
Development & Community Revitalization
Home Forward
135 SW Ash Street
Portland, Oregon 97204

Re: Request for Allocation of Private Activity Bond Volume Cap – Grace Peck Terrace

Dear Ms. Auld:

This letter is intended to satisfy the requirement of the Debt Management Division for a letter from Home Forward’s bond counsel describing the need for a private activity bond cap allocation for the Grace Peck Terrace project and confirming Home Forward’s ability to use such an allocation.

The Grace Peck Terrace project is expected to include the acquisition, rehabilitation and equipping of an 95-unit apartment complex located at 1839 NE 14th Avenue in Portland, Oregon in Portland, Oregon, to provide housing for low-income persons. In general with such projects, conventional financing either is not available to cover the entire cost of the project, or is too expensive for the project to bear, or both, and many other funding sources are required, including in many cases the so-called “4%” low income housing tax credit.

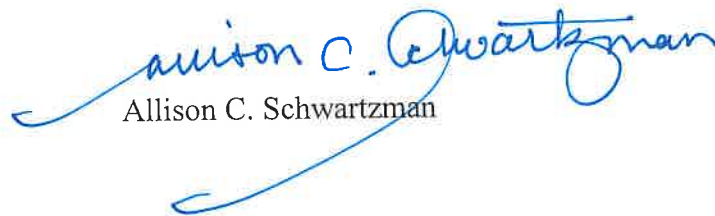
The financing for the Grace Peck Terrace project will fit this pattern, and 4% low income housing tax credit equity will be an essential part of the financing package for the project. The 4% tax credits are available only to projects in which at least 50% of the aggregate basis of the land and buildings constituting the project is financed with tax-exempt bonds. *See* Section 42(h) of the Internal Revenue Code of 1986, as amended (the “Code”). Bonds issued to finance the acquisition, rehabilitation and equipping of the Grace Peck Terrace project will be deemed private activity bonds under Section 142(d) of the Code. Thus, it is essential that Home Forward receive an allocation of volume cap with respect to the project to enable the owner of the project to obtain the low income housing tax credit equity necessary to finance the project.

Ms. Theresa Auld
March 31, 2023
Page 2

Home Forward is authorized under ORS 456.120(18) to lend money to a partnership to finance, plan, undertake, construct, acquire, manage or operate a housing project, and under ORS 456.175 to issue bonds for any of its corporate purposes. Hence, Home Forward has the ability to issue tax-exempt bonds for the Grace Peck Terrace project if an allocation is granted.

I hope this satisfies your requirements. Please let me know if you have any questions or if you need additional information.

Sincerely,


Allison C. Schwartzman



**REGON HOUSING *and*
COMMUNITY SERVICES**

725 SUMMER STREET NE, SUITE B | SALEM, OR 97301
503-986-2000 | www.oregon.gov/OHCS

April 6, 2023

Home Forward
Attn: Theresa Auld
135 SW Ash St.
Portland, OR 97204

Re: Grace Peck Terrace

Dear Theresa:

Conduit Bonds:

April 19, 2023, the Private Activity Bond Committee of the State of Oregon will meet in a public meeting to consider requests for private activity volume cap allocations under the Internal Revenue Code of 1986, as amended (the “IRC”), Oregon Revised Statutes Chapter 286A.605 to 286A.645, and Oregon Administrative Rule 170-071-0005.

Grace Peck Terrace a “qualified project” is eligible to receive a contingent allocation to finance the development and construction of multifamily rental housing located at 1839 NE 14th Ave, Portland. The total estimated cost of the project to be financed with the proceeds of Bonds is expected not to exceed \$25,780,000. OHCS reserves the right to not approve any additional volume cap allocation to this project over and above the amount listed herein.

This letter does not serve as commitment to allocate bonds or tax credits to this Grace Peck Terrace. The bonds will be formally reserved by OHCS Housing and Stability Council upon the receipt and approval of all applicable competitive OHCS Application requirements, contingent upon a PAB allocation from OTS PAB Committee.

4% Low Income Tax Credits (competitive):

OHCS has received and reviewed your application for Low Income Tax Credits for Grace peck Terrace. Based on the information received, the request for an annual allocation is expected not to exceed \$2,106,227 in competitive 4% Low Income Tax Credits is supported. The 4% LIHTCS will be formally reserved by OHCS Finance Committee upon the receipt and approval of all applicable OHCS competitive application requirements.

OHCS is committed to continued with you, your lender and equity investor and for the successful closing of the Grace Peck Terrace transaction.

Please feel free to contact me if there are any questions or if I can be of assistance. I can be reached at (971)388-6230 and by email at alan.borges@hcs.oregon.gov



Sincerely,
Alan Borges

Alan Borges
Production Analyst
Oregon Housing and Community Services

Applicants and all projects receiving Credit Reservations or Allocations must comply with applicable provisions of the Code, specifically Section 42 of the Code, together with applicable provisions of IRS and Treasury regulations, guidance and rulings, the OARs, the Manual, and Directives, and related Program documents (collectively, Program Requirements).

TAB 4 –

2023 VOLUME CAP REQUEST

Housing Authority of Washington County

Rehab Project - Phase 2

Qualifying IRC 142(a)(7) & 142(d)

Notice of Intent



Project Presentation



April 12, 2023

VIA ELECTRONIC TRANSMISSION

Jacqueline Knights, Chair
Private Activity Bond Committee
867 Hawthorne Ave SE
Salem, OR 97301

RE: Housing Authority of Washington County Private Activity Bond (PAB) Requests

Dear Ms. Knights:

We thank your Private Activity Bond Committee for its ongoing support of affordable housing development throughout the state as well as the recent allocations to the Housing Authority of Washington County (HAWC). Last year, we successfully utilized PAB allocation to successful close on two projects- to support the renovation of 332 units in our portfolio – HAWC AHP4 Portfolio Rehab - and for the development of 75 units – Goldcrest Apartments.

We are pleased to update you that we plan on bringing to the July 2023 PAB meeting a request for the second phase of our portfolio rehab, HAWC AHP Phase 2. This project will preserve and recapitalize 277 existing units at six properties within the affordable housing portfolio owned by HAWC. The properties are each experiencing significant issues associated with deferred maintenance due to funding constraints and low rental revenue. This project will address those deferred maintenance items and position the properties for long-term sustainability. Rehab scope varies by property - from window, siding, and plumbing replacement to accessibility improvements. This work positions the properties for long term sustainability and use as assets in the community.

The total project cost is expected to be \$99,500,000 and will be supported by an expected PAB request of \$49,500,000. We have selected a construction and development team and are actively pursuing preconstruction work. We plan to close on the project in November 2023, begin construction at the beginning of 2024 and complete the project by the end of 2025.

Again, HAWC appreciates your committee's support of housing for low-income Oregonians. We look forward to the opportunity to share more detail about HAWC AHP Phase 2 at your April 19, 2023 meeting.

Sincerely,

Komi P. Kalevor
Executive Director

Housing Authority of Washington County

HAWC Portfolio Rehabilitation Project Phase 2 Update

Komi Kalevor – Executive Director
Andrew Crampton – Housing Development Manager

April 19, 2023
Private Activity Bond Committee



Housing Authority

co.washington.or.us



Agenda / Topics



Project Overview



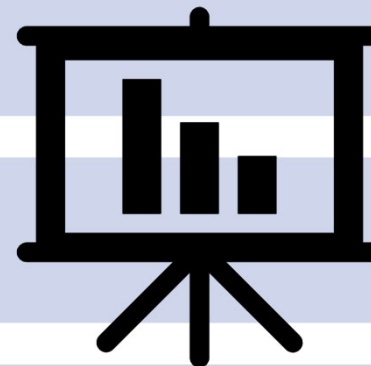
Updated Project Financing



Timeline



Requested Action & Questions





AHP Phase 2 Project Overview

Rehabilitation of Six Properties in Portfolio – 277 units

Total Project Cost: \$99,900,000

Anticipated July 2023 PAB Request: \$49,500,000

Holly Tree	Beaverton	140 units
Tarkington Square	Hillsboro	48 units
Vanrich Apartments	Forest Grove	17 units
Amberwood Apartments	Hillsboro	40 units
Marilann Terrace	Aloha (unincorporated Wa. Co.)	18 units
Cornelius Village	Cornelius	14 units





Overall Project Overview

Scope of work includes: immediate needs, life/safety concerns, ADA compliance, energy efficiency upgrades, water intrusion mitigation, and major system replacement.

This work positions the properties for long-term sustainability and use as assets in the community.





Select Sites- Holly Tree Overview

Scope of work includes: kitchen cabinets replacement as needed, removing and replacing existing unit windows, repairing and replacing existing site asphalt at damaged areas.



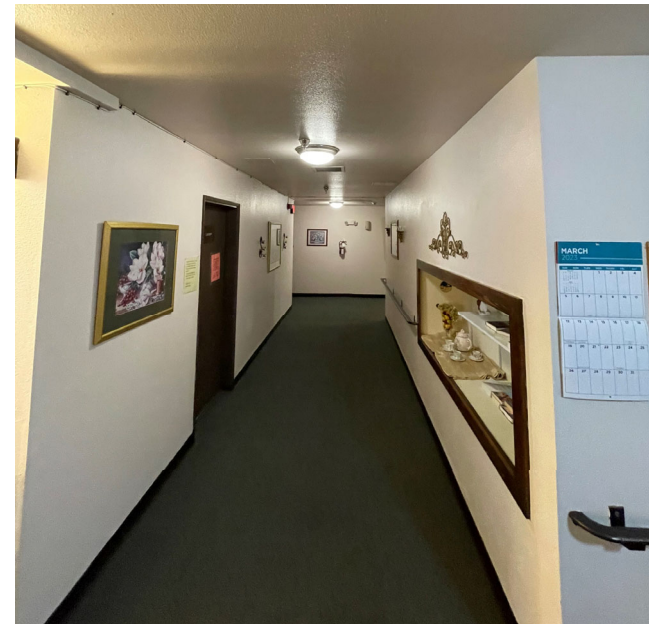


Tarkington Square Overview

Scope of work includes: installing new windows, countertop replacements, modernization of existing elevator, plumbing and electrical upgrades.



Housing Authority





Vanrich Apartments Overview

Scope of work includes: replacing existing decks, full plumbing replacement, replacing and installing new unit windows and doors. Roofing, siding, electrical, paving replacement as needed. All new unit interiors.





Updated Project Financing

Summary Sources and Uses of Funds		
LIHTC Equity	\$35,640,000	\$128,664
Permament Loan	\$25,500,000	\$92,058
Seller Financing	\$31,750,000	\$114,621
Cash Flow during Stabilization	\$3,410,000	\$12,310
Deferred Developer Fees	\$3,600,000	\$12,996
Total Sources	\$99,900,000	\$360,650
Acquisition Cost	\$41,790,000	\$150,866
Construction Cost	\$35,700,000	\$128,881
Soft Cost	\$3,200,000	\$11,552
Developer Fees	\$6,350,000	\$22,924
Financing Cost	\$9,490,000	\$34,260
Reserves	\$3,370,000	\$12,166
Total Uses	\$99,900,000	\$360,650



Timeline

- HAWC AHP Phase 2 selects development and financing team
- *HAWC Completed Owners Program*
- *HAWC secures allocation of 4% LIHTC*

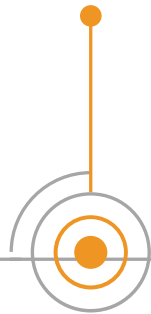
Rehabilitation work begins early 2024 and complete by end of the year 2025.

2022

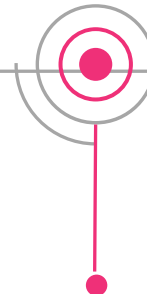


HAWC Board of Directors authorizes formation of LIHTC partnership for HAWC AHP Phase 2, to begin work to finance the project

Q1 & 2
2023

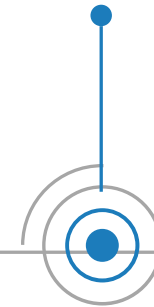


Q 3 & 4 2023



- *HAWC secures allocation of Private Activity Bonds in July 2023.*
- *HAWC AHP4 Project will close November 2023*
- *Washington County will defease allocable bonds related to HAWC AHP Phase 2 properties*

2025



* Items in *italics* are future items



Next Steps

- HAWC will request approximately _____ in PAB Allocation at July 2023 PAB Committee Meeting
- HAWC is moving forward with design and construction team on pre-construction activity
- HAWC is moving forward with refining 4% Tax Credit Application based on existing market factors.

TAB 5 -

2023 VOLUME CAP REQUEST

Oregon Housing and Community Services Department

Multi-Family Housing

Qualifying IRC 142(a)(7) & 142(d)

Projects Update

Oregon Housing & Community Services

Private Activity Bond Committee
April 19, 2023

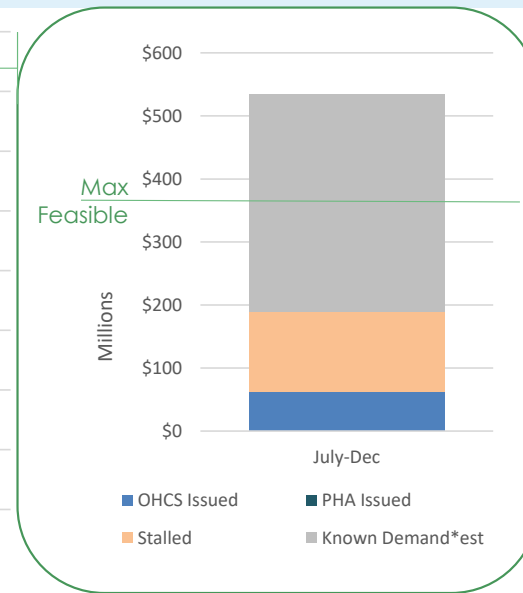
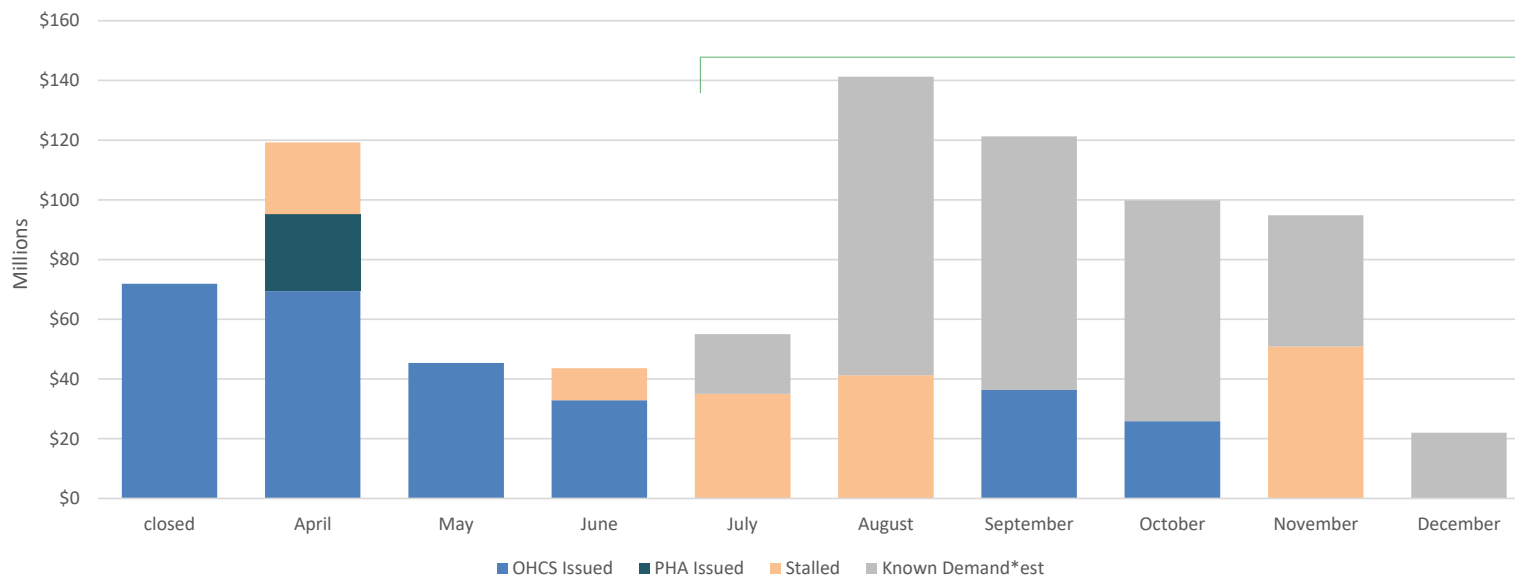


2023 PAB use for Affordable Rental Housing

- Continuing to move forward with transactions
- Working with counsel on updates to the Article XI-Q bond resources in leverage with PAB & 4% LIHTC
- Cost volatility challenges continue
- Oversubscription of PAB usage within our OHCS NOFAs:
 - Preservation NOFA saw \$194 million in Private Activity Bond requests (had capped this resource leverage at \$60 million)
 - LIFT NOFA has \$323 million in Private Activity Bond requests (had capped this resource leverage at \$110 million)
- Significant level of resource investment moving forward as part of the Governors Executive Order 23-04 on production



2023 Rental Housing 4% LIHTC Use & Demand



- OHCS pipeline closings (blue) Housing Authority Issuance closing (dark blue)
- Existing pipeline projects not currently meeting readiness benchmarks (light orange)
- Known projects with estimated demand for resources to close in second half of 2022 that far exceed PAB in Oregon (grey)



OHCS Next Steps on 2023 PAB Commitments

- In total there are 18 projects in the current OHCS pipeline
 - 11 of them are meeting readiness benchmarks.
 - 7 of them are not meeting for one reason or another; giving the opportunity to remedy and expect that a couple may not be successful and will need to return funding.
- Launching Early Application Intake application process, slated to open in the coming weeks for projects able to close July 2023 – June 2024.
 - Housing Authority PAB Requests for 2024 to be submitted to OHCS by June 30, 2023
- In July OHCS will Private Activity Bond Committee an update on the performance and next steps for the Affordable Rental Housing PAB pipeline



Thank You

