



April 4, 2011

To: Partners of Oregon Housing and Community Services

From: Rick Crager, Acting Director

Re: Revised Charges for Multifamily Development and Compliance Monitoring

For more than a year, Oregon Housing and Community Services has examined the long-term sustainability of its operations with the goal to ensure the department can cover the costs of operating our housing programs.

When we compare the cost of program operations to the revenue generated by those programs, we find that the department cannot sustain itself. We face two choices: reduce expenditures or raise revenue. We have chosen to do both.

The department has made several changes to increase program efficiency and efficacy and to streamline compliance monitoring. Although these efforts have been successful, the housing programs are not fully self-sufficient. OHCS must revise its charges to bring revenue in line with costs and to operate successful programs.

Our process

Last year, we notified our partners about the issue through a series of budget workgroup meetings. In December, we issued a [technical advisory](#) that outlined proposed changes to charges, revenues, expenses, and our own cost-containing efforts. In that advisory, we projected a revenue shortfall of nearly \$800,000 for the 2011-13 biennium.

The department considered partners' comments on the proposed schedule of charges. The department presented a revised proposal to the State Housing Council at its January 21, 2011 meeting. The following table describes the new and revised charges Council approved.

	<u>Current Charge</u>	<u>Effective Date</u>	<u>Revised Charge</u>
Grant, Tax Credits and Loan Programs			
CFC recipient charge	New	2011 CFC	CFC recipient charge will be assessed on the cumulative total of CFC resources awarded. <\$300k=\$1,000 >\$300k=\$2,000 w/LIHTC=\$2,500
Construction Analyst fee	New	2011 CFC	\$2,200 per project
Farmworker Tax Credit Program	New	2012	\$200 for each development allocated credits

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	<u>Current Charge</u>	<u>Effective Date</u>	<u>Revised Charge</u>
Asset Management and Compliance			
Risk sharing monitoring charge	\$35 / unit / yr.	2011	\$45 / unit / yr.
Charge for late submission of Asset and Property Management monitoring charges	New	2011	\$5 per unit after specified deadlines
Charge for late submittal of Certification of Continuing Compliance	New	2011-2012	\$5 per unit after specified deadlines
Charge for restructuring of debt or changes to agreements	New	2011	Dependent upon time involved

Next steps

OHCS is committed to continuous improvement. Later this spring, OHCS will begin mapping and streamlining our multifamily housing processes to improve the efficiency of those operations. We will also continue to review the department's revenues and expenditures.

Even with improvements and increased efficiency, we project that we will face more cuts or increased charges if our multifamily housing programs are to remain self-sufficient into the future.

In the spirit of accountability and transparency, the department will engage its partners in an annual, comprehensive review of revenues, expenditures and charges. This formal process will include input from partners.

For more information on the specific charges, contact John Fletcher, John.Fletcher@hcs.state.or.us.