## Program Overview

The Oregon Affordable Housing Tax Credit (OAHTC) Program provides a state income tax credit for affordable housing loans for which a lender reduces the interest rate by up to four percent. Applications must demonstrate a 20 year term that the benefit of the tax credit will be entirely passed on to reduce rents for the tenants.

A reservation letter will be given to projects with successful applications that have obtained a "Letter of Intent" from their lending institution. The reservation is good for 180 days. The reservation is for the principal loan amount, and expected interest rate and corresponding rate reduction.

A Certification will be given to projects with an acceptable application that have obtained a "Firm Commitment of Financing". A Certification is good for the length of the loan or up to a maximum of 20 years, whichever comes first.

## Eligibility Requirements

One hundred percent of the savings from the reduced loan must be directly passed through the low income tenants and/or end users in the form of lower rents. Low-income households are those having less than 80 percent of the area median income as defined by the U.S. Department of Housing and Urban Development. The sponsors must show intent to use the tax credit project for a long term affordable housing use. Restrictive Covenants will be required to guarantee long term affordability. Certain preservation and all manufactured parks are exempt from passing on cost savings.

The financial institution holding the OAHTC loan is annually required to submit loan status reports along with a five percent charge of the tax credits used. The charge may get passed on to the sponsor.

Entities considered "qualified borrowers" or "sponsors" are for-profit or nonprofit corporations, state or local government entities (including but not limited to housing authorities) or a controlling partner in a limited partnership that enters into Restrictive Covenants regarding the rents on a property and eligibility of occupants.

## For more information, please contact:

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