

OREGON STATE HOUSING COUNCIL
MEETING MATERIALS



*The Parks at Eastlake
Bend, OR 97701*

Date: October 2, 2015

Time: 9:00 A.M.

Location: Oregon Housing and Community Services [NMOB]
Conference Room 124a/b
725 Summer Street NE, Salem, OR 97301

Phone-In: 1-877-273-4202

Participant Code: 4978330



OREGON STATE HOUSING COUNCIL

Council Members:

Aubre L. Dickson, Chair
Mayra Arreola
Tammy Baney
Michael C. Fieldman
Zee D. Koza
Marissa Madrigal
Adolph "Val" Valfre, Jr.

MEETING MATERIALS

OCTOBER 2, 2015

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**Draft meeting minute for the September 11, 2015 meeting will be sent separately.*





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PUBLIC MEETING AGENDA

Date: October 2, 2015
Time: 9:00 a.m.
Location: Oregon Housing and Community Services; Conference Room 124a/b
North Mall Office Building, 725 Summer Street NE, Suite B,
Salem, Oregon 97301
Call-In: 1-877-273-4202; Participant Code: 4978330

1. Roll Call
2. Public Comment
3. Draft Meeting Minutes for Approval – *September 11, 2015*
4. Residential Loan Program Consent Calendar
Kim Freeman, OHCS Single Family Section Manager
 - a. 500 Hill Top Drive, Grants Pass, OR 97257
 - b. 5600 NW 180th Place, Portland, OR 97229
 - c. 15500 NE Tracey Lane, Portland, OR 97230
 - d. 800 Fran Street SE, Salem, OR 97306
 - e. 3200 SE 86th Avenue, Portland, OR 97206
 - f. 500 Sky Way, Grants Pass, OR 97257
5. Mobile Home Park Preservation NOFA Award Recommendations
Heather Pate, OHCS Multifamily Finance Section Manager; Teresa Pumala, OHCS Multifamily Loan Officer
 - a. Dexter Oaks Mobile Home Park
 - b. Tivoli Mobile Home Park
 - c. Forest Ranch Mobile Home Park
6. 2016 QAP/Multifamily Update and Discussion
Julie Cody, OHCS Assistant Director, Housing Finance
7. HUD Consolidated Plan 2016-2020- needs assessment and market analysis
Shoshanah Oppenheim, OHCS Federal Planning and Policy Manager
8. Point-In-Time Count Homeless Count – [*tentative pending official release*]
Claire Seguin, OHCS Assistant Director, Housing Stabilization
9. Report of the Director
10. Report of the Chair





Oregon

Governor Kate Brown

Housing and Community Services

North Mall Office Building
725 Summer St NE, Suite B
Salem, OR 97301-1266
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TTY: (503) 986-2100
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Date: 9/23/2015

To: State Housing Council

From: Kimberley Freeman, Single Family
Section Manager

Re: Residential Loan Program

Background: State statutes require the State Housing Council to establish a single family loan threshold for loans to be review and approved prior to purchase. The current threshold for single family loans includes all loans equal to or greater than 75% of the applicable area program purchase price limit, or \$190,000, whichever is greater.

Considerations:

1. The loan(s) under consideration is greater than or equal to 75% of the applicable area program purchase or \$190,000, whichever is greater.
2. Staff has reviewed all of the following loan files and concluded that the borrowers and properties meet all relevant program guidelines for the Residential Loan Program. All required documents have been properly executed, received, and the loans have been approved for purchase. In addition to being approved by staff, the loan files have been underwritten by the applicable lenders and are insured by either FHA (FB), Rural Development (RG), or Uninsured (U) with a loan-to-value of 80% or less.



Recommended Motion: State Housing Council approves the Consent Calendar

Data Classification: 3

	Loan Amount	Purchase Price Limit	75% of Purchase Price Limit or Max	Monthly Mortgage Payment
Loan #1	\$259,591.00	\$316,177.00 Targeted Josephine County	\$237,132.00	\$1,523.71
Loan #2	\$264,000.00	\$345,731.00 Non-Targeted Washington County	\$259,298.00	\$1,441.36
Loan #3	\$277,874.00	\$345,731.00 Non-Targeted Multnomah County	\$259,298.00	\$1,769.36
Loan #4	\$220,924.00	\$258,690.00 Non-Targeted Marion County	\$194,017.00	\$1,482.83
Loan #5	\$274,928.00	\$345,731.00 Non-Targeted Multnomah County	\$259,298.00	\$1,742.88
Loan #6	\$270,019.00	\$316,177.00 Targeted Josephine County	\$237,132.00	\$1,568.50



Recommended Motion: State Housing Council approves the Consent Calendar

Data Classification: 3

1	<u>Borrower</u>		<u>Lender</u>	SOUTH PACIFIC FINANCIAL	
	<u>Co-Borrower</u>				
			<u>Purchase Price</u>	254,400.00	<u>Note Amount</u> 259,591.00
<u>Property Address</u>	300 BLOCK HILL TOP DR		<u>Cost Limit</u>	316,177.00	<u>Principal Balance</u> \$ 259,591
	GRANTS PASS	OR 97527	<u>Appr. Value</u>	\$ 258,000	
			<u>Year Built</u>	2000	
<u>Hshld. Income</u>	\$ 64,510		<u>Living Area (Sq. Ft.)</u>	1,916	<u>Loan-to-Value</u> 102%
<u>Income Limit</u>	\$ 84,980		<u>Lot Size (Sq. Ft.)</u>	17,424	<u>Insurance Type</u> RG
<u>% of Income Limit</u>	75.91%		<u>Cost per Sq. Ft.</u>	\$ 132.78	<u>Rate</u> 3.250%
<u>Prior Ownership Yes (Y) or No (N)</u>	N		<u>New (N) or Existing (E)</u>	E	
			<u>Construction Style</u>	Two Story	

2	<u>Borrower</u>		<u>Lender</u>	UMPQUA BANK	
	<u>Co-Borrower</u>				
			<u>Purchase Price</u>	330,000.00	<u>Note Amount</u> 264,000.00
<u>Property Address</u>	5600 BLOCK NW 180TH PL		<u>Cost Limit</u>	345,731.00	<u>Principal Balance</u> \$ 264,000
	PORTLAND	OR 97229	<u>Appr. Value</u>	\$ 330,000	
			<u>Year Built</u>	1992	
<u>Hshld. Income</u>	\$ 52,102		<u>Living Area (Sq. Ft.)</u>	1,510	<u>Loan-to-Value</u> 80%
<u>Income Limit</u>	\$ 97,160		<u>Lot Size (Sq. Ft.)</u>	6,098	<u>Insurance Type</u> U
<u>% of Income Limit</u>	53.62%		<u>Cost per Sq. Ft.</u>	\$ 218.54	<u>Rate</u> 3.250%
<u>Prior Ownership Yes (Y) or No (N)</u>	N		<u>New (N) or Existing (E)</u>	E	
			<u>Construction Style</u>	Two Story	

3	<u>Borrower</u>		<u>Lender</u>	HOMESTREET BANK	
	<u>Co-Borrower</u>				
			<u>Purchase Price</u>	283,000.00	<u>Note Amount</u> 277,874.00
<u>Property Address</u>	15500 BLOCK NE TRACEY LN		<u>Cost Limit</u>	354,375.00	<u>Principal Balance</u> \$ 277,874
	PORTLAND	OR 97230	<u>Appr. Value</u>	\$ 285,000	
			<u>Year Built</u>	2004	
<u>Hshld. Income</u>	\$ 56,361		<u>Living Area (Sq. Ft.)</u>	2,147	<u>Loan-to-Value</u> 97%
<u>Income Limit</u>	\$ 97,160		<u>Lot Size (Sq. Ft.)</u>	4,189	<u>Insurance Type</u> FB
<u>% of Income Limit</u>	58.01%		<u>Cost per Sq. Ft.</u>	\$ 131.81	<u>Rate</u> 3.250%
<u>Prior Ownership Yes (Y) or No (N)</u>	N		<u>New (N) or Existing (E)</u>	E	
			<u>Construction Style</u>	Two Story	

4	<u>Borrower</u>		<u>Lender</u>	HOMESTREET BANK	
	<u>Co-Borrower</u>				
			<u>Purchase Price</u>	225,000.00	<u>Note Amount</u> 220,924.00
<u>Property Address</u>	800 BLOCK FRAN ST SE		<u>Cost Limit</u>	258,690.00	<u>Principal Balance</u> \$ 220,924
	SALEM	OR 97306	<u>Appr. Value</u>	\$ 225,000	
			<u>Year Built</u>	1983	
<u>Hshld. Income</u>	\$ 50,907		<u>Living Area (Sq. Ft.)</u>	1,466	<u>Loan-to-Value</u> 97%
<u>Income Limit</u>	\$ 75,354		<u>Lot Size (Sq. Ft.)</u>	8,577	<u>Insurance Type</u> FB
<u>% of Income Limit</u>	67.56%		<u>Cost per Sq. Ft.</u>	\$ 153.48	<u>Rate</u> 3.750%
<u>Prior Ownership Yes (Y) or No (N)</u>	N		<u>New (N) or Existing (E)</u>	E	
			<u>Construction Style</u>	One Story	

5	<u>Borrower</u>		<u>Lender</u>	HOMESTREET BANK	
	<u>Co-Borrower</u>				
			<u>Purchase Price</u>	280,000.00	<u>Note Amount</u> 274,928.00
<u>Property Address</u>	3200 BLOCK SE 68TH AVE		<u>Cost Limit</u>	345,731.00	<u>Principal Balance</u> \$ 274,928
	PORTLAND	OR 97206	<u>Appr. Value</u>	\$ 295,000	
			<u>Year Built</u>	1923	
<u>Hshld. Income</u>	\$ 78,128		<u>Living Area (Sq. Ft.)</u>	1,024	<u>Loan-to-Value</u> 97%
<u>Income Limit</u>	\$ 83,280		<u>Lot Size (Sq. Ft.)</u>	5,230	<u>Insurance Type</u> FB
<u>% of Income Limit</u>	93.81%		<u>Cost per Sq. Ft.</u>	\$ 273.44	<u>Rate</u> 3.750%
<u>Prior Ownership Yes (Y) or No (N)</u>	N		<u>New (N) or Existing (E)</u>	E	
			<u>Construction Style</u>	One Story	

6	<u>Borrower</u>		<u>Lender</u>	SOUTH PACIFIC FINANCIAL	
	<u>Co-Borrower</u>				
			<u>Purchase Price</u>	275,000.00	<u>Note Amount</u> 270,019.00
<u>Property Address</u>	500 BLOCK SKY WAY		<u>Cost Limit</u>	316,177.00	<u>Principal Balance</u> \$ 270,019
	GRANTS PASS	OR 97527	<u>Appr. Value</u>	\$ 285,000	
			<u>Year Built</u>	1975	
<u>Hshld. Income</u>	\$ 70,745		<u>Living Area (Sq. Ft.)</u>	1,838	<u>Loan-to-Value</u> 97%
<u>Income Limit</u>	\$ 72,840		<u>Lot Size (Sq. Ft.)</u>	107,593	<u>Insurance Type</u> FB
<u>% of Income Limit</u>	97.12%		<u>Cost per Sq. Ft.</u>	\$ 149.62	<u>Rate</u> 3.750%
<u>Prior Ownership Yes (Y) or No (N)</u>	N		<u>New (N) or Existing (E)</u>	E	
			<u>Construction Style</u>	One Story	



Multi-Family Development Project Summary
OHCS 2015 Notice of Funds Availability (NOFA)
For Manufactured Dwelling Parks Preservation #4188

PROJECT SUMMARY							
Project Name:	Dexter Oaks Mobile Home Park			Project Number:	3187		
Project Address:	38965 & 39009 Dexter Rd, Dexter, OR 97431			County:	Lane		
Sponsor Name:	Dexter Oaks Cooperative			Total # of Units:	40		
				Construction Type:	Manufactured Dwelling Park		
Total # of Units and AMI:							
		AMI:	24 @ 80%				

SOURCES & USES							
OHCS OAHTC Allocation:							
SOURCES				USES			
OHCS GHAP:	\$1,556,379			Acquisition Costs:	\$1,311,522		
OHCS HOME:				Hard Costs:	\$16,812		
OHCS WX:				Soft Costs:	\$403,045		
Local Government Resources:	1			TOTAL USES:	\$1,731,379		
	2			Hard Costs Per Unit:	\$420		
	3			Total Cost Per Unit:	\$43,284		
				DCR:	N/A		
Mortgage Loan(s):				Operating Expenses (PUPA):	\$2,186		
Other Funds: CASA CDFI	\$175,000			Replacement Reserves (PUPA):	\$341		
TOTAL SOURCES	\$1,731,379						

NARRATIVE(S)	
Project Description:	<i>Dexter Oaks Mobile Home Park is made up of 35 mobile home spaces, 4 RV spaces and 1 studio apartment. The park is located off of Hwy 58 in Dexter, OR across the highway from Dexter Lake. The park sits on approximately 11 acres with a laundry and bathroom facility for common use. The park is a family park with the current vacancy of 17%.</i>
Sponsor/Developer Profile & History:	<p><i>The Community And Shelter Assistance Corporation (CASA of Oregon) was established in 1988, in response to the housing needs of Oregon families. A statewide organization, CASA of Oregon is a private, 501(c)3 non-profit community development corporation. The organization's primary mission is to develop housing, programs and facilities that improve the quality of life and self-sufficiency of low-income populations.</i></p> <p><i>In 2006, CASA of Oregon expanded its programs to include the preservation of manufactured housing parks through the creation of resident-owned communities. Using a multi-faceted approach, CASA of Oregon's program focuses on policy issues, as well as on-the-ground technical assistance, in order to make resident ownership a viable option.</i></p> <p><i>In May 2008, CASA of Oregon became one of nine Certified Technical Assistance Providers (CTAPs) under the national ROC USA™ network. ROC USA and its affiliate, the New Hampshire Community Loan Fund, are non-profits with over 25 years of experience combining expert technical assistance with specialized purchase financing for resident corporations. As a member of the ROC USA network, CASA of Oregon delivers pre- and post-purchase technical</i></p>



Multi-Family Development Project Summary
 OHCS 2015 Notice of Funds Availability (NOFA)
 For Manufactured Dwelling Parks Preservation #4188

	<p><i>assistance and helps manufactured homeowners secure the financing needed to buy their communities and shape their economic futures through resident ownership. Participation in this network gives CASA of Oregon access to financial products, technical assistance trainings, and resources developed by experts from ROC USA and the New Hampshire Community Loan Fund.</i></p> <p><i>To date, CASA of Oregon has converted seven mobile home parks to resident ownership and provides ongoing technical assistance for all seven.</i></p>
<p>Community Need:</p>	<p><i>The Project is located in a rural unincorporated area of Lane County known as Dexter, OR. Multifamily development in the area is somewhat limited and includes a few small apartment complexes as well as a few mobile home parks. CASA was approached by a tenant committee to assist with the purchase of the park when it was listed for sale by the current owners. The majority of the tenants are low and very low income and were concerned that if the park sold to another party the rents would be raised above what they could afford or would be converted to a short term RV facility for vacationers.</i></p>
<p>Motion:</p>	<p><i>To approve a GHAP grant reservation in an amount up to \$1,556,379 to Dexter Oaks Cooperative for the acquisition and renovation of Dexter Oaks Mobile Home Park, located in Dexter, Lane County, Oregon. Reservation is contingent on meeting all program requirements and conditions of the Reservation.</i></p>
<p>Conditions:</p>	<p><i>Meet all programmatic, reservation letter, and OHCS requirements.</i></p>



Multi-Family Development Project Summary
 OHCS 2015 Notice of Funds Availability (NOFA)
 For Manufactured Dwelling Parks Preservation #4188

PROJECT SUMMARY			
Project Name:	Forest Ranch MHP	Project Number:	3184
Project Address:	22282 North Umpqua Hwy Idleyld Park, OR 97447	County:	Douglas
Sponsor Name:	Umpqua Ranch Cooperative	Total # of Units:	110
		Construction Type:	Manufactured Dwelling Park
Total # of Units and AMI:			
	AMI:	110 @ 80%	

SOURCES & USES			
OHCS OAHTC Allocation:		\$2,527,000	
SOURCES		USES	
OHCS GHAP:	\$2,503,000	Acquisition Costs:	\$2,918,803
OHCS HOME:		Hard Costs:	\$1,892,245
OHCS WX:		Soft Costs:	\$444,161
Local Government Resources:	1	TOTAL USES:	\$5,255,209
	2	Hard Costs Per Unit:	\$17,202
	3	Total Cost Per Unit:	\$47,775
		DCR:	1.32
Mortgage Loan(s): Banner Bank	\$2,527,000	Operating Expenses (PUPA):	\$2,166
Other Funds: CASA Loan	\$225,209	Replacement Reserves (PUPA):	\$280
TOTAL SOURCES	\$5,255,209		

NARRATIVE(S)	
Project Description:	<p><i>Forrest Ranch Mobile Home Park is a 110-space manufactured housing park made up of 96 MH spaces and 14 RV spaces. It is located along the Rogue-Umpqua Oregon Scenic Byway in Idleyld Park - just east of Roseburg, and is situated on approximately 17 acres. The park is a family park, with most residents living on very low- or fixed-incomes. The park is currently owned by Downey Enterprises, based in Silverdale, Washington. The current vacancy rate at the park is 5% in the MH section and 25% in the RV section. According to the onsite manager, the majority of residents have been occupying the park for at least 5 years with some occupying the park in excess of 10 years.</i></p> <p><i>The general condition of the park shows signs of aging and lack of long term maintenance. Hard costs are an estimate of required repairs listed in the Property Condition Assessment and include repairs to or replacement of:</i></p> <ul style="list-style-type: none"> • Electric meters • Well sheds • Carports and storage • Concrete retaining wall • Water storage tank • Updated utility site plan • Storm water system • Sewer lines



Multi-Family Development Project Summary

OHCS 2015 Notice of Funds Availability (NOFA) For Manufactured Dwelling Parks Preservation #4188

	<ul style="list-style-type: none"> • Water lines • Asphalt and sidewalks • Exterior faucets • Well pumps • Emergency generator for well and septic pumps • Fire hydrant • Water filters • Community Building Repairs
<p style="text-align: center;">Sponsor/Developer Profile & History:</p>	<p>The Community And Shelter Assistance Corporation (CASA of Oregon) was established in 1988, in response to the housing needs of Oregon families. A statewide organization, CASA of Oregon is a private, 501(c)3 non-profit community development corporation. The organization’s primary mission is to develop housing, programs and facilities that improve the quality of life and self-sufficiency of low-income populations.</p> <p>In 2006, CASA of Oregon expanded its programs to include the preservation of manufactured housing parks through the creation of resident-owned communities. Using a multi-faceted approach, CASA of Oregon’s program focuses on policy issues, as well as on-the-ground technical assistance, in order to make resident ownership a viable option.</p> <p>In May 2008, CASA of Oregon became one of nine Certified Technical Assistance Providers (CTAPs) under the national ROC USA™ network. ROC USA and its affiliate, the New Hampshire Community Loan Fund, are non-profits with over 25 years of experience combining expert technical assistance with specialized purchase financing for resident corporations. As a member of the ROC USA network, CASA of Oregon delivers pre- and post-purchase technical assistance and helps manufactured homeowners secure the financing needed to buy their communities and shape their economic futures through resident ownership. Participation in this network gives CASA of Oregon access to financial products, technical assistance trainings, and resources developed by experts from ROC USA and the New Hampshire Community Loan Fund.</p> <p>To date, CASA of Oregon has converted seven mobile home parks to resident ownership and provides ongoing technical assistance for all seven.</p>
<p style="text-align: center;">Community Need:</p>	<p>Multi-family development is limited in the area with the subject representing the largest multifamily use. In addition to the Project’s offer to purchase, the sellers received two other competing offers from private investors – one of which offered above asking price. The urgency of preserving the community as an affordable housing option was evident, particularly in light of the fact that resident offers on two other parks in nearby Roseburg were rejected in favor of offers from private investors who have the potential of raising rents to a prohibitive level.</p>
<p style="text-align: center;">Motion:</p>	<p>To approve a GHAP grant reservation in an amount up to \$2,503,000 and OAHTC reservation in an amount up to \$2,527,000 to Umpqua Ranch Cooperative for the acquisition and renovation of Forest Ranch MHP, located in Idleyld Park, Douglas County, Oregon. Reservation is contingent on meeting all program requirements and conditions of the Reservation.</p>
<p style="text-align: center;">Conditions:</p>	<p>Meet all programmatic, reservation letter, and OHCS requirements.</p>



Multi-Family Development Project Summary
 OHCS 2015 Notice of Funds Availability (NOFA)
 For Manufactured Dwelling Parks Preservation #4188

PROJECT SUMMARY							
Project Name:	Tivoli Mobile Home Park			Project Number:	3188		
Project Address:	1085 W 1 st Ave., Junction City, OR 97448			County:	Lane		
Sponsor Name:	St. Vincent DePaul Society of Lane County, Inc.			Total # of Units:	43		
				Construction Type:	Manufactured Dwelling Park		
Total # of Units and AMI:							
		AMI:	26 @ 80%		AMI:	17 @ 100%	

SOURCES & USES							
OHCS OAHTC Allocation:				\$1,000,000			
SOURCES				USES			
OHCS GHAP:	\$1,210,550			Acquisition Costs:	\$1,799,415		
OHCS HOME:				Hard Costs:	\$0		
OHCS WX:				Soft Costs:	\$411,135		
Local Government Resources:	1			TOTAL USES:	\$2,210,550		
	2			Hard Costs Per Unit:	\$0		
	3			Total Cost Per Unit:	\$51,408		
				DCR:	1.66		
Mortgage Loan(s): Banner Bank	\$1,000,000			Operating Expenses (PUPA):	\$1,626		
Other Funds:				Replacement Reserves (PUPA):	\$465		
TOTAL SOURCES	\$2,210,550						

NARRATIVE(S)	
Project Description:	<i>Tivoli Mobile Home Park is a family park with 43 spaces for single-wide manufactured homes. Currently all existing manufactured homes are tenant owned. The project is located in Junction City which has been selected for the State Hospital and 2 correctional facilities. Because of this Junction City is currently experiencing large job growth and finding affordable housing is becoming a barrier for working families. There are currently no vacancies in the park with most residents occupying the park for over 5 years.</i>
Sponsor/Developer Profile & History:	<i>St. Vincent De Paul's (SVDP) development team staff has 26 years of experience in developing affordable housing including manufactured home parks. In that time SVDP has developed over 1,200 affordable units in the state of Oregon, including 4 manufactured dwelling park preservation projects.</i>
Community Need:	<i>Economic activity in Junction City is growing faster than housing in the area. Additionally the majority of affordable housing in the area is restricted for elderly and disabled populations. This site is close to employment services, transportation and schools, making it an optimal location for working families.</i>
Motion:	<i>To approve a GHAP grant reservation in an amount up to \$1,210,550 and OAHTC reservation in an amount up to \$1,000,000 to Our Tivoli Park LLC for the acquisition of Tivoli Mobile Home Park, located in Junction City, Lane County, Oregon. Reservation is contingent on meeting all program requirements and conditions of the Reservation.</i>



Multi-Family Development Project Summary
OHCS 2015 Notice of Funds Availability (NOFA)
For Manufactured Dwelling Parks Preservation #4188

Conditions:	<i>Meet all programmatic, reservation letter, and OHCS requirements.</i>
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2016 Stakeholder Outreach: 9% LIHTC Roundtable
August 10, 2015

Oregon Housing and Community Services (OHCS) is looking forward to the 2016 - 9% Low Income Housing Tax Credit (LIHTC) funding round, as well as further developing its 4% LIHTC program. As a result of the stakeholder outreach efforts, and engaging Novogradac & Company LLP to perform a comparative program analysis, we anticipate that there will be recommended changes to the state's Qualified Allocation Plan (QAP).

The guiding principles that OHCS is seeking to utilize throughout this process are:

- Clarity – We are looking to continually improve our funding processes to be **clear** to all stakeholder participants as to the eligibility requirements and desired policy outcomes.
- Consistency – We are seeking to provide **consistent** responses to all stakeholder participants and apply standards **consistently** across all applications for funding.
- Predictability – Our goal is to have a **predictable** funding cycle with respect to timing and criteria.

BACKGROUND

The state of Oregon has recognized the large need for affordable housing in all communities, both urban and rural. Over the past three years, OHCS has been transforming its competitive 9% LIHTC process from the Consolidated Funding Cycle (CFC) to a Notice of Funding Availability (NOFA) process. This was accompanied by a rewrite of our QAP, Oregon Administrative Rules (OAR), and program manuals. The focus of this effort was to provide as much flexibility as possible throughout all of our documents.

The outcome of this approach has been mixed. Though flexibility can be valuable, our 9% LIHTC program has not provided adequate desired goals and outcomes to provide the clarity and predictability to which LIHTC project sponsors are accustomed. OHCS has engaged Novogradac & Company LLP to perform a third-party comparative study of Oregon's 9% and 4% LIHTC programs with ten other states. The study will be utilized to recommend changes to our current practices including changes to the QAP, OARs, program manuals, etc. We are looking to incorporate best practices, and add clarity to our programs.

WHY WE ARE HERE TODAY

We are looking to engage with the 9% LIHTC stakeholders to get a better understanding of perspectives, recommendations, and feedback about how the competitive process and policies impact project design and implementation. The desired outcomes are to:

1. Develop a better overall understanding of the impact of various competitive criteria and their potential unintended consequences when applying for 9% LIHTC in the NOFA process;
2. Recognize there are challenges for rural projects when competing against those located in more urban areas of the region and identify ways to address these challenges;
3. Identify where financial guidelines pose challenges when they are not aligned with outside requirements; and
4. Understand where there is and is not clarity throughout the process.

**2016 Stakeholder Outreach: 9% LIHTC Roundtable
August 10, 2015**

Unfortunately, OHCS is routinely able to only fund one out of three or four projects, depending on resources, which apply for 9% LIHTC funds. This inherently stresses the competitive process and makes it critical for the competitive structure to measure the right aspects of projects effectively and appropriately. A successful development should allow for the on-going operation of housing units for the benefit of low income residents in a way that furthers statewide and local efforts and reduces the need for additional subsidy in the future.

A better understanding of the challenges, good ideas and feedback from stakeholders who participate in this competitive process will allow OHCS to improve the measures and standards that are implemented in the upcoming NOFA.

OHCS DRIVERS

There are a few things that drive how OHCS awards credits:

1. **Competitive Process:** Given that the need for affordable housing in the state of Oregon far exceeds the currently available resources, as well as the federal mandate that the state have a qualified allocation plan that sets forth how the 9% LIHTCs will be awarded., it is important that OHCS be clear regarding what policy initiatives, project characteristics, and outcomes are valued in the process.
2. **Affordability:** OHCS views an award of 9% LIHTCs as purchasing affordability for a period of time that is outlined in the land use restrictive covenants.
3. **Subsidy Layering:** As the state's Housing Finance Agency, OHCS has the fiduciary responsibility to ensure that the amount of subsidy being provided to a project is appropriate for the project's financial viability for the entire affordability period and that the project is not over-subsidized based on the scope of work and accompanying pro forma.

DISCUSSION GUIDE

What follows is a listing of topics for discussion; identifying overarching questions and known issues with spaces for participants and staff to take notes about experiences and recommendations for each topic.

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The competitive elements aim to provide a means to rank projects against understood goals; and therefore act as the basis for funding decisions. It is critical that these elements provide adequate guidance, be weighted in a way that responds to identified priorities, and be effective in the ranking process.

topic:	Need & Impact Competitive Scoring
question:	What is the reality of the impact of the competitive scoring weights?
currently:	15% Need 40% Impact 15% Preferences (federal) 15% Financial Viability 15% Capacity
issue:	Those elements with the greatest weight and greatest variability in score have the most impact on the final rank of projects. OHCS intent was that impact to the community and the low income residents were weighted the highest; we learned in the 2013 NOFA that applicants provide the most complete information on the elements that are scored.
unintended consequences:	<ul style="list-style-type: none"> - Preferences play a large role in determining project rank (specifically location in a Qualified Census Tract (QCT)/deconcentrating poverty). - Resident Services has no specified differentiation between urban/rural.
stakeholder input:	<ul style="list-style-type: none"> - Opportunity Areas should play a role - Impact is only a prediction vs a known of data yet it has more points attributable in the application, where need and preferences are known commodities. - Underserved Geography; looks at all affordable housing instead of housing to serve a specific population type, should OHCS be taking specific target populations into consideration, or is this captured elsewhere? - Fair Housing and Disparate Impact should be built into need; often difficult in rural areas where the populations / trends look different - Impact criteria for communities that do not have sophisticated planning efforts should be different / acknowledge these differences. Smaller/Rural communities are disadvantaged by the application questions and scoring. - Rural criteria for impact should be based on an analysis vs a plan - Difficulties for Rural Settings within the Metro / PJ regions to compete within region. Should this be addressed in the application process? - When regions contain both urban centers and rural communities should there be a differentiation in the application that allows all areas to compete on an even playing field – application questions and/or scoring? - Financial Viability should get more weight – it is important that the funded projects stand the test of time - Being sited in a QCT is over-rated, understanding that there is a federal preference for projects located in QCTs, the points attributable may be too high

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based on other factors.

- Historic location and Eventual Tenant Ownership is so rare, should those really merit a point out of the 100?
- In some ways the Balance of State Region is most competitive because it doesn't have the PJs effectively limiting the number coming forward with requests / Portland for example has not opened its funding rounds in order to best line up with the state
- Should Acquisition Rehabilitation projects have a different application than New Construction Projects given the need to preserve the affordable housing units that the state currently has, similar to the Preservation application?

recommendation:

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topic:	Regions
question:	<ul style="list-style-type: none"> - Do the current regions work, or should they be revisited? - Should all regions be funded every year, or should different cycles be used?
currently:	<p>Metro: Clackamas, Multnomah and Washington Counties Non Metro Participating Jurisdictions: Salem/Keizer, Eugene/Springfield, Corvallis Balance of state: Balance of Oregon</p>
issue:	<p>Appears to be working very well. An identified trend is showing that very few projects get funded outside of the urban areas in the Balance of State. Potential exists for all funded projects in a region to cluster in a particular jurisdiction.</p>
stakeholder input:	<ul style="list-style-type: none"> - In some ways the balance is most competitive because it doesn't have the PJs effectively limiting the number coming forward with requests / Portland for example has not opened its funding rounds in order to best line up with the state - Alternate cycles; if allocating based on need, regions wouldn't naturally fall to a 50 / 50 split, what would you do about that? - Alternate cycles; if a project is not funded in one year, they are out for 2 years and unable / unlikely to hold onto land for that long time period to be able to apply for funds again - Alternating years could create a timing problem with funding from RD / HUD / PJs - Alternating years could exaggerate capacity issues for contractors / developers - Alternating years may result in missing a window for preserving a project - Alternating years could mean less competitive projects get funded because you're funding more - Cap increase might make sense, though result in fewer projects - Funding multiple times a year would result in project applications getting a 'pre-flight' and reduce work in each cycle, understanding that the same number of projects would still be funded annually. - RADs were really helpful in providing insight about what is going on in Regions such as planning efforts. They were also helpful in providing technical assistance in putting projects together. - If regions work for the most part, then change scoring or application so that rural projects compete better against other areas within the region; if Scoring is working for the most part, then change regions so that rural projects compete better. - Rural criteria should be based on an analysis if impact vs plans
recommendation:	

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topic:	Local Priorities
question:	How to prioritize those projects that are most desired and supported by local jurisdictions?
currently:	Projects are given points in the competitive application for new / acquisition rehab projects if they provide a priority letter from a county, city (if population over 10,000), tribal council, or participating jurisdiction.
issue:	<p>This scoring could mean that more than one project in a specific city could receive full points for being a local priority.</p> <ul style="list-style-type: none"> - Given that most all projects are able to obtain a letter of top priority, how can OHCS better understand what local priorities are? - Should preservation projects also be required to submit a priority letter?
stakeholder input:	<ul style="list-style-type: none"> - Restricting the population size of the city that is able to write a letter is limiting in rural areas - Letters can be used as a NIMBY tool – BEWARE - NIMBY potentially a problem - Why have local planning if it's not valued at the state - PJs work to vet their priorities against local efforts; if a PJ awards a priority letter it is meaningfully connected to the PJ priority efforts - Priorities are subjective, does a disservice to place undue credence on local priority letters - Score point should be deeper than a letter; also include money, local vetting, etc, - RADs used to act as a conduit for connections and sharing what was going on locally, and what the state was looking for - Competing priority letters are a problem - 1 point difference is important if it results in not getting funded
recommendation:	

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topic:	HOME Preference
question:	Should preference be given to projects funded with participating jurisdictions HOME dollars?
currently:	Projects in the Balance of State that are using state HOME dollars receive a one point preference.
issue:	Should participating jurisdictions be treated the same as projects in the Balance of State?
stakeholder input:	<ul style="list-style-type: none"> - PJ HOME and CDBG projects should be priorities. They go through a local competitive process and not prioritizing those projects may mean risk losing that federal subsidy that is utilized to gain additional affordability and fill gaps in development budgets. - If Balance of State projects can also leverage HOME by applying for it, then is it really applies to oranges to have them in the same region? Can't they compete? - If state and PJ criteria matched, then it wouldn't be an issue; how do they line up? - Should allow and encourage all types of leverage
recommendation:	

topic:	State Initiatives /Priorities
question:	<ul style="list-style-type: none"> - Would it be helpful for OHCS to prioritize specific policy directives or initiatives versus allowing any stated initiative to be prioritized? (Would your answer differ for future funding years; 2016 or 2017?) - If the answer is to be broad, then what can OHCS do to provide guidance to applicants about what projects can do to get the most points in the application? - What do you see as the biggest housing need in the communities that you serve? - How long should priorities be in place?
currently:	Competitive Applications ask applicants to identify any state initiative that their project serves to further
issue:	<p>Would it allow for greater impact and predictability if focused on specific issues / initiatives; how would those initiatives be identified and what would the timeline be for letting applicants know the focus for future funding rounds?</p> <p>For example any project funded under the LIHTC NOFA would meet the Healthy People objective in the State's 10 year plan that provides for all Oregonians to have safe, decent, affordable housing. So would points be awarded for that initiative?</p>

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stakeholder input:

- Would need year in advance heads up if targeting specific groups in upcoming NOFA
- More specific target populations, geographic areas, and/or plan alignments would add clarity to the overall process
- Less ambiguous is good, but should add/ keep flexibility; there are changing markets and needs and PJ goals can change. Setting things in stone in the future rounds would be a problem in responding to these changes.
- If they are priorities then they should be things that the state has money committed in and are actually investing in addressing that stated need
- Avoid using 'flavor of the day' target populations / project types
- Regional priorities vs statewide, should involve the local jurisdictions
- All Preservation projects would look different
- Units that serve 30% are consistently the highest need for affordable housing – that should be the priority
- Determine how integrators can access and include developers in their work across the state
- Information and best practices sharing and talk of partnership design would help
- Community Action Agencies are in every community and would be a point of connection for developers

recommendation:

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topic:	Local and Regional Plans
question:	How should OHCS encourage local developers to form meaningful partnerships with local efforts such as Regional Solutions Teams, Coordinated Care Organizations, Early Learning Hubs, and/or Workforce Investment boards?
currently:	Competitive Applications ask applicants to identify how the project advances priorities laid out in existing plans.
issue:	Some regions have more robust regional and local planning efforts underway.
stakeholder input:	<ul style="list-style-type: none"> - Rural areas should base these points on an analysis vs a plan, as they don't exist - RADs used to provide context and information about efforts in the community - Where no plans exist, OHCS should step in to create and facilitate them - Need an Extreme Need category for jurisdictions that don't have plans - Consolidated Plans are vague and not informative - State Plans should justify local efforts
recommendation:	

topic:	Resident Services
question:	<ul style="list-style-type: none"> - Are there different avenues to maximizing the scoring for different target populations? - How do we ensure that projects are not at a disadvantage due solely to availability of resident service providers and/or funding sources?
currently:	<ul style="list-style-type: none"> - Competitive Applications ask applicants to explain how the resident service package is appropriate for the target population in the proposed project, along with the anticipated outcomes. - How the proposed project maximizes expertise and connections to best serve the target population. - How the resident services package will be funded.
issue:	<ul style="list-style-type: none"> - Some regions have more availability of resident service providers than others. - Within the Balance of State Region, there are differences between urban centers and rural Oregon with respect to availability to services which may put Rural Oregon at a disadvantage. - Projects with Rural Development rent subsidy do not allow an operating line item for resident services which may put these projects at a disadvantage.
stakeholder input:	<ul style="list-style-type: none"> - Should tier resident serves:

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- - Families don't need much; financial counseling / IDA / Homeownership
- - lowest incomes more services
- - Special needs, specific service needs
- Eviction prevention programs help all properties / residents
- Clarity needed around the intent of resident services
- Money should be brought to resident services, currently feels like an unfunded mandate
- Small unit dedication / how to master lease to service provider / should not be left up to housing owners to provide services
- Resident services plan should be simplified and used as a threshold and the complete one worked up in collaboration after a funding award
- Dynamic and In Depth services make a concerted impact on all types of residents
- Difference between Housing and Housing Stability
- Outcomes are above / beyond service provision and are costly
- Funding stability is a big issue when signing up to provide in-depth resident services.

recommendation:

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topic:	State's Basis Boost
question:	What clarity or tools do applicants need to feel comfortable that they are eligible for one of the State's identified basis boosts if they are using a basis boost in the pro forma?
currently:	There is no formal preapproval process.
issue:	There is a potential that the project does not meet the criteria for basis boost and therefore there would be a gap in the project pro forma.
stakeholder input:	<ul style="list-style-type: none"> - Pre-Flight / Pre-App for Basis boost (ideally 6 months ahead of time) - Can the state make state basis boost available to all by stating it in the QAP?
recommendation:	

topic:	Social Equity
question:	<ul style="list-style-type: none"> - What are the ways OHCS and the affordable housing industry can work to ensure opportunity for historically disadvantaged population groups? - What of these activities could be prioritized in the LIHTC NOFA?
currently:	OHCS provides preferences for projects located in either opportunity areas (low poverty census tracts) or qualified census tracts (high poverty census tracts). Besides these place-based strategies, the process does not currently speak directly to "people-based" strategies to strengthen opportunities for under-served populations
issue:	<ul style="list-style-type: none"> - There continues to be fair housing violations and disparate impacts in the housing system, demonstrating the need to consider new avenues to serve historically disadvantaged groups and to affirmatively further fair housing throughout the state.
stakeholder input:	<ul style="list-style-type: none"> - What data is available to identify racial equity / access; perhaps this could become part of the Need score? - New Market Tax Credits identify target areas on a Census Tract Level based on meeting several criteria; does the new ruling come with any of those standards? - This would play out very differently in urban vs rural areas - Seems like there are multiple objectives in terms of prioritizing investment in affluent neighborhoods, struggling neighborhoods, gentrifying neighborhoods - Currently target high and low poverty areas and areas of opportunity / location in proximity to health/education/food - OHCS needs to look at neighborhoods to provide guidance about where to invest

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from a social equity perspective

- Low Poverty Census Tracts seem black/white, is it possible to score that in tiers where you get the most points below 10% but you can still get some points if you're between 10-15% for example
- The goal is to integrate communities, to invest in communities that have been dis-invested
- Displacement could be in Impact scoring; along the lines of asking if the project is serving the historically disadvantaged, given there are so many definitions and ways that plays out locally leaving it open ended would be best
- Displacement is part of the bigger picture so perhaps Impact is the place where that exists
- Displacement could also be a part of preference like QCTs are
- Need to be really careful about fair housing, marketing to all
- Various regulations about access need to be reviewed in order to make sure there aren't violations
- Fair Housing and programmatic regulations require units to be available to all populations, but allow aggressive marketing to protected classes.

recommendation:

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In an attempt to meet our policy objectives and regulatory requirements we are looking at a number of our programmatic policies and procedures. First and foremost are our Affordability Requirements and Restrictive Covenants.

topic:	Affordability Period
question:	What is the appropriate affordability period for all OHCS programs given the subsidy that is being provided to a project?
currently:	60 year standard on all programs, with the exception of 4% LIHTC which is currently 30 years.
issue:	<ul style="list-style-type: none"> - Affordability period does not always align with the timeline of the resource subsidy (for example: OAHTCs go away after 20 years at which point the subsidy that lowers the rent no longer exists in the project). - 60 years is not within the useful life of a multifamily housing project. - Other funders worry about the ability to change the extended use agreement over a 60 year period of time.
stakeholder input:	<ul style="list-style-type: none"> - 60 year affordability keeps the public agency at the table, don't need to reinvest in each - Perhaps the 60 years could be presented in a more nuanced fashion / keeping the state involved but not expecting it to sustain for 60 years without renewed investment - 30 years is long enough - More than 30 years is beyond the useful life of the project - There is need; should not expect to continue to invest in new housing it is going to keep getting more expensive to build, preserving currently funded projects affordable is going to be more cost effective - Should develop a preservation trust/reserve that can be used to reinvest in these funded projects - Should evaluate the economic sense and impact of a preservation reserve, not sure if that makes sense and that it wouldn't get tapped to fund something else as time goes on - State investment should last; should look at other options, land trust etc - Should allow for an opportunity to reinvest after 30 years - Current projects (96% in WA study) don't have enough in reserves at 10 years let alone at 30 or 60 years. Need better planning. Need to incorporate real needs into these reserve investments. - Acquisition/Rehab projects are even older when they are first invested in; unlikely no matter the rehab to last another 60 years
recommendation:	

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topic:	Restrictive Covenants
question:	Should OHCS restrict the ability for projects to come back in for additional funding?
currently:	No restrictions currently.
issue:	Funding the same projects within their affordability period impedes investment in new projects and may reflect projects not adequately funding reserves or performing routine maintenance. Challenging to give project points for longer affordability periods if they need to be re-capitalized early in that timeline.
stakeholder input:	<ul style="list-style-type: none"> - 30 years unless there is a construction deficit - Should have a GHAP set aside for 4% projects to assist with gap financing
recommendation:	

It is our hope that we can set guidelines or standards that can be used in an underwriting “lite” process. Ideally if a project fits between specific ranges, as outlined in the guidelines, the project would not require extensive analysis on the part of OHCS to determine financial viability and subsidy layering. The target for OHCS would be that the guidelines:

- Provide for sustainable projects throughout the affordability period; and
- Be aligned with standard operating guidelines of other industry funding partners.

topic:	Underwriting Guidelines		
question:	<ul style="list-style-type: none"> - What feedback can this group lend about the current guidelines? - Where do you see that OHCS is not aligned with other funders? - What causes issues in the funding process for projects? 		
	Standard	OHCS Current	Other Funders
	Vacancy Rate	7%	5-7% generally
	Escalation Income & Expenses	2% Income/3% Expenses	Expenses 3% Use trend analysis of HUD AMI for income; rarely see 2% income gain in current market

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DCR	During the 1 st 20 years: 1.20 w/replacement reserves 1.15 w/project based rental assistance	1.15-1.20 generally
Rent Levels	10% below market rents	Market study and portfolio comps
Operating Expenses	\$4,500 per unit per year without replacement reserves	Extensive analysis using their historic LIHTC portfolios
Expense Ratio	N/A	
Management Fee		5-7% generally
Tenant Services		Above the line when services are integral to the target population being served
stakeholder input:	<ul style="list-style-type: none"> - Asset Management Fees need to be above the line - If operating expenses are lower and substantiated, need that flexibility - \$350 reserves are too low - A lot of deferred maintenance / not investing in maintenance throws other reserves off - Each project analysis needs to be different vs. using standards or guidelines for all - Study showed that Operating Expenses vary greatly based on unit size - Maintenance deficiencies could / should be addressed at inspections 	
notes:		

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In addition to OHCS underwriting guidelines, there are other standards for construction and contingencies in place to ensure adequate resources for projects through the construction period. OHCS recognizes that it is important for these to be aligned with the other funders involved in a transaction.

topic:	Construction Standards	
question:	<ul style="list-style-type: none"> - What feedback can this group lend about the current standards? - Where do you see that OHCS not aligned with other funders? - What causes issues in the funding process for projects? 	
	Standard	OHCS Current
	Green Building Features	A green building standard of construction must be met, with the exception of projects funded exclusively with bond and/or 4% tax credits. Certification of compliance must be provided.
	ADA and Visitability	ADA must be met, and all new construction must meet Visitability policy in Oregon statute. (ORS 456.506; excludes 4%) [plus Section 504 sensory impaired units when using HOME]
	Rehabilitation Level	Minimum as outlined by IRS Preference is \$30,000 per unit
	CNAs	All rehab requests must have CNA which thoroughly assesses maintenance, repair, and health and safety issues in addition to considering longer term physical needs and replacement reserve analysis.
	Soft Costs	30% of Total Project Costs or less
	Hard Cost Contingencies	New Construction: 5% Rehabilitation: 10%
	Soft Cost Contingencies	All Projects: 5%
	Payment & Performance Bonds	Nice to have, but not required
stakeholder input:	<ul style="list-style-type: none"> - Architectural – 3rd party inspectors: OHCS needs to be clearer on expectations of their 3rd party inspectors and provide clear expectations/understanding to sponsors. There appears to be varied understanding across inspectors. - Rural Development (RD) has a 20 year replacement reserve requirement for their CNAs, which is different from OHCS. If project has RD funds, clearly articulate that OHCS accepts RD rules and standards. - Suggest providing qualification guidance for firms performing CNAs. - OHCS currently requires 100% unit walk through in their CNAs. Industry standard is 25 – 30% unit walk through of all units ensuring a good unit mix, plus 100% of all vacant units. Consider changing the 100% unit walk through requirement. - RD requires the capitalization of a lot of reserves upfront. The soft cost guideline should exclude capitalized reserves. - Soft cost contingencies should exclude capitalized reserves – check proforma to 	

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	<p>ensure that this is indeed the case.</p> <ul style="list-style-type: none"> - Contingencies appear to be low. Hard cost contingencies are typically 7% new construction and 12% rehabilitation with 15% for historic rehabs. - Contingencies should be set at the time of construction loan closing. - Exclude capitalized reserves from the formula calculating contingencies. - Consider a construction cost escalator in the profroma for construction cost inflation given the timing of the application and the start of construction.
notes:	

In an effort to ensure long-term financial viability, OHCS understands the need for appropriate reserves.

topic:	Reserve Requirements										
question:	<ul style="list-style-type: none"> - What feedback can this group lend about the current requirements? - Where do you see that OHCS is not aligned with other funders? - What causes issues in the funding process for projects? 										
	<table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 50%;">Standard</th> <th style="width: 50%;">OHCS Current</th> </tr> </thead> <tbody> <tr> <td>Replacement Reserves</td> <td>Seniors: \$300/unit/year All Other: \$350/unit/year Required to go with the property in the case of a transfer.</td> </tr> <tr> <td>Capitalized Operating Reserves</td> <td>Not required – Generally capped at six (6) months of operating expenses plus debt service</td> </tr> <tr> <td>Capitalized Debt Service Reserves</td> <td>Not required</td> </tr> <tr> <td>Other Capitalized Reserves</td> <td>Not required</td> </tr> </tbody> </table>	Standard	OHCS Current	Replacement Reserves	Seniors: \$300/unit/year All Other: \$350/unit/year Required to go with the property in the case of a transfer.	Capitalized Operating Reserves	Not required – Generally capped at six (6) months of operating expenses plus debt service	Capitalized Debt Service Reserves	Not required	Other Capitalized Reserves	Not required
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Other Capitalized Reserves	Not required										
issue:	What happens to capitalized reserves during the life of the transaction?										
stakeholder input:	<ul style="list-style-type: none"> - Replacement reserves should be higher for family size units - On rehabilitation projects, let the CNA drive the replacement reserve requirements. - On new construction projects, 30 year replacement reserve analysis should drive the replacement reserve requirements. - Leave replacement reserve requirements to the underwriting process not set at application. - Other capitalized reserves may include a commercial space reserve. 										
notes:											

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OHCS is looking to provide clarity to sponsors as to how much developer fee is allowed and the breakdown between cash and deferred fee to be paid from project cash flow.

topic:	Developer Fee	
question:	What recommendations would this group provide to OHCS with respect to developer fee?	
	Standard	OHCS Current
	Total Developer Fee	Cannot exceed 15% of Total Project Costs, including acquisition, less capitalized reserves, and requested developer fee.
	Cash	Rule of thumb: 50% of the fee should be in cash between closing and construction completion.
	Deferred	Deferred fee should be shown to reasonably be expected to be paid by year 12.
stakeholder input:	<ul style="list-style-type: none"> - Proposed methodology in matrix does not appear to give credit to negotiated sales price with vendors. - Treat new construction and rehab projects differently. - General consensus that what was proposed was not something folks wanted. 	
notes:		

topic:	Cost Containment		
question:	How can we take another step toward cost containment criteria in the competitive process without jeopardizing the quality of construction?		
	Used as a soft threshold; projects need to explain if they don't meet the cap as defined which is based on the previous 5 years of LIHTC projects.		
	Threshold in 9%; excludes acquisition cost		
currently:		Metro	Balance
	0 Bdrm	\$200,000	\$145,000
	1 Bdrm	\$222,000	\$180,000
	2 Bdrm	\$272,000	\$220,000
	3 Bdrm	\$306,000	\$260,000
	4 Bdrm	\$325,000	\$275,000
issue:	Doesn't incentivize lower cost projects; there are no points currently associated with the exception of Preservation projects as it pertains to prudence of investment.		
stakeholder input:	<ul style="list-style-type: none"> - Consider looking at present values due to construction cost escalation - Be clear about what is and is not included, for example land, acquisition, reserves, etc. 		
recommendation:			

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topic:	Set-Asides
question:	What policy priorities should be considered for a set-aside?
currently:	OHCS has a thirty-five percent (35%) LIHTC soft set-aside for preservation projects at risk of losing federal rent subsidies, as well as projects with public housing units undergoing a preservation transaction involving a comprehensive recapitalization. Preservation projects have their own set of scoring mechanisms in order to lessen the advantage of new construction projects.
issue:	Due to significant investment in the Preservation of affordable housing with federal rent subsidies, the majority of Section 8 projects have been preserved for the next 20 years. Do we need to refocus our efforts with respect to preservation in future years?
stakeholder input:	<ul style="list-style-type: none"> - Still a large number of projects to be preserved, especially projects with maturing RD mortgages. - Continue to participate in the RD & HUD work groups - Application appears to prioritize expiring HUD Section 8 Contracts, maturing RD mortgages. What about RAD/Section 18 Public Housing Contract conversions? - Should projects that have more than 5 years left on a HUD Section 8 Contract be eligible for the set aside?
recommendation:	

topic:	Subsidy Level
question:	Should OHCS establish subsidy cap per unit, or other measure, in a project or award more points to those projects with lower amounts of subsidy?
currently:	Per project caps exist, but no limitation on the subsidy per unit.
issue:	With questions surround Subsidy Layering, could this provide shorthand criteria that would provide clarity around appropriate subsidization?
stakeholder input:	Not discussed in detail
recommendation:	

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topic:	LIHTC Caps
question:	Should OHCS re-evaluate the cap on LIHTC per project?
currently:	Caps are established on a per-project per funding type basis without consideration for how many units are in a particular project. Cap is established to ensure the funding of at least 10 projects across the state (10% of funds available in a year); without consideration for the number of units in a project.
issue:	Doesn't incent the efficient development of projects with a lot of units, in particular an issue in urban areas
stakeholder input:	<ul style="list-style-type: none"> - Cap currently doesn't acknowledge that developing larger (70+) projects is more efficient - Stakeholders supportive of increasing the cap knowing that fewer projects may be awarded in any given cycle.
recommendation:	
topic:	Other Issues
notes:	<ul style="list-style-type: none"> - Consideration of having more than one LIHTC competitive cycle per year. - RAD role is missed by sponsors.

Update to Proposed QAP Changes

Issue	Impacts	Issue Overview	Draft 2016 QAP / NOFA elements	Stakeholder Input from 9/18/15 Roundtable
Priority Letters	9% LIHTC	Requiring letters from jurisdictions over 10,000 disadvantages small communities, creates multiple letters within same counties, and can be used as a tool to support NIMBY actions	Letters will not be included among scored elements in 2016 NOFA Ties to local and community plans will remain aspects included in scoring to ensure local connections FUTURE ACTIONS: OHCS Integrators and Oregon Housing Stability Council to identify means of collaborating with regional entities to identify alternate way of prioritizing housing investment.	<ul style="list-style-type: none"> - No input provided
HOME leverage point	9% LIHTC	Currently only projects in the Balance of State received this point based on application; should be accessible to all	Projects in all regions will receive a point for any committed leverage of <u>HOME and CDBG</u> Funds; in Balance of State projects will receive this point if acceptance of HOME as gap funding source is included in application for funds; <u>those projects in Participating Jurisdictions that also award Tax Increment Financing (or another OHCS approved place-based economic development funds) that are used by Participating Jurisdictions in lieu of HOME for gap funding sources will also receive this point.</u>	<ul style="list-style-type: none"> - Clear about what is meant by Federal Funds - Allow other place-based economic development funds in lieu of HOME for gap funding sources. Jurisdictions with this type of funding typically do not award HOME or CDBG funds to portions of the jurisdiction that have other forms of local funding.
QCT / Low Poverty points	9% LIHTC	Currently 4 points if located in one of these identified areas; is a big sway and impact on scores and should include more variables. Not enough target areas in much of the Balance of State.	Points will be less than 4 for being in a QCT or Low Poverty Tract, and additional factors will be included to target both Areas Vulnerable to Gentrification as well as Opportunity Areas, ensuring target areas are not clustered solely in urban areas, including: Vulnerable Gentrification Areas: <ul style="list-style-type: none"> - Revitalization Plan - Qualified Census Tracts - High % Communities of Color - High % Low Educational Achievement - High % Renters Opportunity Areas: <ul style="list-style-type: none"> - Low Poverty Census Tracts - High Ratio of Jobs to Population - Below Average Unemployment - High scoring schools 	<ul style="list-style-type: none"> - Will the criteria be different for urban and rural areas of the state? - Caution to OHCS about developing and maintaining opportunity maps. - Suggest a scaled point system, not all or nothing. - Suggestion that the applicant could “make their case” based on some OHCS specified criteria. - Mention of need for more objectivity not subjectivity.

Update to Proposed QAP Changes

Issue	Impacts	Issue Overview	Draft 2016 QAP / NOFA elements	Stakeholder Input from 9/18/15 Roundtable
9% LIHTC Cap	9% LIHTC	<p>Current cap of 10% of annual funds made available restricts the size of projects submitting for funding and creates more projects coming in for different phases of projects which does not incent efficient building</p> <p>Important to diversify the sponsors the credits are invested with, to ensure distribution and performance.</p>	<p>Sponsor may submit an application requesting more than 10% of the annual funds if they also submit a pro forma demonstrating a 4% LIHTC/Bond transaction is infeasible.</p> <p>A single sponsor is limited to receiving no more than 20% of the LIHTC funds in any year. If additional projects have been submitted in excess of 20% of the funds the lower scoring projects would be deemed ineligible.</p> <p>A single sponsor is prohibited from receiving more than 15% of any 2 sequential years of LIHTC funds; any fund requests in excess will be deemed ineligible.</p>	<ul style="list-style-type: none"> - Stakeholders were supportive of lifting the current per project cap on LIHTCs.
Basis Boost	9% LIHTC	Lack of certainty when applying to use the state basis boost	A pre-application process will be developed to address this issue; it will be due within 30 days of application release	<ul style="list-style-type: none"> - No input provided
Affordability Period	All programs except 4%	60 year affordability standard is beyond the useful life of many buildings and in the case of OAHTC is beyond the length of the subsidy	<p>OAHTC affordability to be called out specifically as restricted to 20 years; 4% LIHTC to remain at 30 years affordability.</p> <p>Internal policy will be developed which ensures the practice reflects intent of the original motion and allow for adjustments in rent levels at 30 years to ensure ongoing project viability, through the 60 year period.</p>	<ul style="list-style-type: none"> - Clarification as to 15 years plus an additional 15 years for 4% LIHTC/tax-exempt bond transactions and 15 years plus 45 years on 9% LIHTC transactions to clearly show the initial 15 year affordability period plus the appropriate extended affordability period.
<p>State Housing Council Motion, 2/11: <i>Owners of rental housing developments receiving OHCS grant or loan resources (excluding projects funded solely with bond/4% tax credits), will be required to maintain the property as affordable for a minimum of 60 years. Affordability terms will be secured by a deed restriction. Owners of developments where rental assistance contracts are due to expire must apply for and if approved, accept rental assistance contract renewals. On LIHTC projects with subordinate loans, OHCS will not unreasonably withhold adjustments to the affordability requirements as it relates to the term or rent levels in order to maintain status of such debt as a loan and avoid triggering such debt as a grant. Modifications will be allowed to the extent necessary such that all subordinate loans can demonstrate ability to be repaid or refinanced at maturity. Other exceptions or modifications will be subject to review by the director, with approval by the Housing Council, and may include recapture of invested funding and appreciation.</i></p>				

Update to Proposed QAP Changes

Issue	Impacts	Issue Overview	Draft 2016 QAP / NOFA elements	Stakeholder Input from 9/18/15 Roundtable
Method of Award	All OHCS funds excluding LIHTC and OAHTC	With reductions in funds for housing, and with a thought to state investment, it is inconsistent to choose to grant funds that could be loaned (and are loaned in most other states).	<p>Beginning in 2016 funds from OHCS, aside from LIHTC and OAHTC, will be treated as loans. Loans to the ownership entity will be underwritten using a 1% interest rate, 20 year loan term, and hard payments will be based on projected cash flow in excess of a 1.15 DCR as determined at final application.</p> <p><u>Not an issue that has to be decided in the QAP, but rather in the various gap financing programs.</u></p> <p><u>Possible to recommend 0% interest loans with no payments until maturity or, possible to hold off until 2017 after more discussion</u></p>	<ul style="list-style-type: none"> - Proposal has the possibility of having unintended consequences. - As stated, may have an impact on the Residual Tax Opinion. - Rural Development restricts return to owner/cash flow that is available. - May cause balance sheet issues for the sponsor (i.e., contingent liabilities) - May impact the equity investor's underwriting negatively. - As proposed, not clear where in the waterfall OHCS expects to be included, may have other impacts to deferred developer fee, etc.
Restrictive Covenants	4% and 9% LIHTC	Funding the same projects within their affordability period impedes investment in new projects.	Projects receiving a <u>9% LIHTC award</u> will be restricted from another LIHTC award <u>(9% or 4%)</u> for 20 years.	<ul style="list-style-type: none"> - Make a clear exception for construction defects and project failures. - Don't restrict projects from coming in for 4% LIHTC/tax-exempt bond transaction prior to year 20.
Operating Expenses & Replacement Reserves	All programs	Guidelines are not realistic for all projects	<p><u>Operating expenses will be reviewed for reasonableness within the budgets submitted; Applicant may be required to submit documentation (including for example three years of audited financials for rehabilitation projects) to substantiate that any or all of the projects revenue or costs are reasonable</u></p> <p><u>Replacement reserves to be properly scaled to the size and scope of the improvements and the age and condition of the property. Minimum guideline of \$350 per unit per year, \$300 for Senior Projects; amounts in excess will be allowed if reasonably justified by Capital Needs Assessment.</u></p>	<ul style="list-style-type: none"> - Align as much as possible with lenders and investors. - Don't be overly prescriptive given other funders may have other requirements, such as lenders, investors, Rural Development, HUD, etc.

Update to Proposed QAP Changes

Issue	Impacts	Issue Overview	Draft 2016 QAP / NOFA elements	Stakeholder Input from 9/18/15 Roundtable
Developer Fee	All programs	Clarity needed regarding OHCS policy on developer fee calculations	<p><u>There is a need to set a methodology to ensure the fee is considered reasonable. After much dialogue OHCS is proposing the following:</u></p> <p><u>The Department will consider Developer fees in the aggregate, up to fifteen percent (15%) of Total Project Costs less acquisition, consultant fees, reserves, and the requested developer fee amount in addition to five percent (5%) for acquisition where there is no identity of interest and zero percent (0%) for acquisition where there is an identity of interest.</u></p>	<ul style="list-style-type: none"> - Not allowing sponsor to take the maximum 15% developer fee leaves equity on the table that could be brought to the project budget. - The proposed methodology may disadvantage larger unit projects. - Should the calculation vary based on where the project is located (geography)? - Calculation doesn't seem to cover all of the activity that is actually happening. - Could we look at a methodology that is a percentage of total project costs with an outside cap?
Social Equity	9% LIHTC	Current competitive scoring criteria does not acknowledge social equity issue or incentivize expanded outreach	<p>In addition to adding Vulnerable to Gentrification Communities and Opportunity Area geographic targets (described under QCT/Low Poverty areas above), additional points will be awarded to those projects that choose to develop <u>Affirmative Marketing Plans that achieves above and beyond the elements required by HUD. Additional actions should include using detailed demographic factors in designing outreach strategies; including partner agencies in marketing; preparing reports on identified outcomes</u></p>	<ul style="list-style-type: none"> - Some sponsors consider Social Equity as a three legged stool to include: Geography; Tenancy; and Development Opportunities for MWESB. - The section only pertains to tenancy. - How is the proposal different from the HUD affirmatively furthering fair housing marketing plans? - In the third bullet change Maintenance of a log . . .to Maintain records . . . - Requirements/points for projects with 100% supportive services may need to be different.
Resident Services	9% LIHTC	Extensive weighting of resident services in scoring disadvantages those locations with few referral services as well as those projects serving populations that are not service dependent	<p>Pending recommendation from State Housing Council; <u>scoring to be based on meeting more specific criteria to ensure adequacy of service delivery and partnerships</u></p>	<p>Did not cover this section at the meeting.</p>

Update to Proposed QAP Changes

Issue	Impacts	Issue Overview	Draft 2016 QAP / NOFA elements	Stakeholder Input from 9/18/15 Roundtable
Cost Containment	9% LIHTC	Current cost containment measure is informative only; does not incent lower cost projects	<p>Total Development Cost (TDC, excludes acquisition)/ Residential Square Foot of all projects that apply in a given year; medians are calculated based on urban vs balance TDC limit selection in threshold</p> <p>Example Scoring:</p> <ul style="list-style-type: none"> - Projects more than 15% above the median receive 0 points - Projects within 15% above and 5% below the median receive 1 points - Projects more than 5% the median receive 2 points <p><u>Knowing that GAO is looking at cost containment inside the LIHTC program, and receiving the input from our roundtable discussion, OHCS is recommending that we do not take the step to add points to the NOFA based on the recommendation above, but instead, wait for the formal cost containment report from Meyer Memorial Trust and have additional dialogue to consider for 2017.</u></p>	<ul style="list-style-type: none"> - Does this proposal have the opportunity to disincentivize innovation? - All projects are not created equal, Davis Bacon, RD & Capitalized reserves, etc. - Does this disadvantage projects that are greening? - Need to be sure that projects are looking at smart innovation not innovation for innovation sake. - Reluctant to incent lower cost at application. - There should be a cost benefit analysis provided if costs are higher to show energy savings and/or operating savings over time. - Incent long term durability items - Could capitalized reserve accounts be excluded from the calculation?
Roles	4% LIHTC	Unclear what roles OHCS takes when OHCS is not the bond issuer	<p>OHCS will issue both letters</p> <p>M letter will be re-drafted to allow for an update of credits at 8609</p>	No input provided
Other Changes			<ul style="list-style-type: none"> - HUD 811 language will be included for 9% LIHTC - Market Study will be required <u>90 days after Reservation</u> instead of Equity Closing - 9% Tie Breaker policy to be updated to focus on elements of <u>Incomes Served and Cost per Square foot</u> - 50% soft set-aside will be added for projects in cities with fewer than 25,000 people within the Balance of State region 	<ul style="list-style-type: none"> - Second bullet about Market Study timing – need to be sure that this doesn’t have the effect of increasing costs. - Typically the Market Study information is included in the Appraisal that is done at the time of Equity/Loan Closing, not Carryover.

DRAFT

HOUSING TAX CREDIT

2016 QUALIFIED ALLOCATION PLAN

Oregon Housing and Community Services

September 24, 2015

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I. INTRODUCTION

The Tax Reform Act of 1986 created the Low Income Housing Tax Credit (LIHTC), under Section 42 of the Internal Revenue Code (Code or IRC).

The LIHTC program is jointly administered by the United States Treasury Department Internal Revenue Service (IRS) and authorized state tax credit allocation agencies. Under Executive Order EO-87-06, the Governor of Oregon designated Oregon Housing and Community Services (Department) as the administrator of the LIHTC program. The Department administers the LIHTC program in accordance with Oregon Administrative Rule (OAR) Chapter 813, Division 90.

This Qualified Allocation Plan (QAP or Plan) is intended to comply with the requirements of Section 42(m)(1)(B) of the Code, which requires that a Qualified Allocation Plan set forth

- (i) the selection criteria to be used to determine the Department's housing priorities,
- (ii) the preferences of the Department in allocating credit dollar amounts among selected projects, and
- (iii) the procedures that the Department will follow in monitoring for noncompliance and notifying the IRS of such noncompliance and in monitoring for noncompliance with habitability standards through regular site visits.

If any provision of this Plan (and documents included herein by reference) is inconsistent with the provisions of amended IRC Section 42, including any future amendments thereto, or any existing or new State Administrative Rules governing the LIHTC Program, the provisions of IRC Section 42 and/or the State Administrative Rules take precedence and the plan will be amended accordingly. OHCS recognizes that current market conditions remain uncertain and the Plan has been substantially revised. As such, the Department reserves the option to issue temporary public notices or guidance through which, procedurally, the Department will continue to efficiently administer the LIHTC program, in a manner consistent with this Plan, and with the Department's goals.

The State Housing Council recommended the amended 2016 plan contained herein on **DATE**. Public hearing was held on **DATE** after appropriate notice was provided.

II. COMPETITIVE AND NON COMPETITIVE TAX CREDITS

A. COMPETITIVE HOUSING TAX CREDITS

The allocation of the state of Oregon's per capita credit authority, returned credits, and the State's portion of the National Pool credits is done on a competitive basis, based upon project rankings determined during an application process established by the Department. All LIHTC allocations, including any increase in the allocation of a project's per capita credits, will be governed by this QAP.

B. NON-COMPETITIVE HOUSING TAX CREDITS

The state of Oregon is also provided with access to tax credits associated with Oregon's Private Activity Bond Authority. These tax credits are only available to projects that are financed using tax-exempt bond proceeds. The non-competitive credits *are not* subject to the Department preferences or selection criteria outlined in the QAP, but must meet Section 42 statutory preferences, standards of financial feasibility and viability and project monitoring procedures, in addition to program specific requirements established by the Department.

Projects financed with tax-exempt bonds may be eligible for 4% Tax Credit without participating in a competitive Credit allocations process. The tax-exempt bonds are subject to the volume cap limitation of Section 146 of the Internal Revenue Code (Code) and further described in Section 42(h)(4)(A) and (B) of the Code.

III. 9% REQUIREMENTS AND CRITERIA

This section applies to 9% LIHTC competitive applications only

A. 9% LIHTC PROJECT CAP

Any project applying for more than 10 percent of the total year tax credit allocation will be required to submit a 4% bond pro forma to demonstrate feasibility.

No sponsor may receive more than 20 percent of any one year tax credit allocation

No sponsor may receive more than 15 percent of any two consecutive years allocations.

B. 9% LIHTC RESTRICTION

Projects that have previously been funded with 9% LIHTCs are not eligible to apply for additional 4% or 9% LIHTC within 20 years of Placed In Service date.

C. HUD 811

All applicants for 9% LIHTC may be required, at the discretion of the Department, to implement a HUD 811 Demonstration, including the use of TRACS.

D. SET-ASIDES

i. Qualified Non-Profit Set-Aside:

The Department will reserve at least 10 percent of the state housing credit ceiling for a calendar year for projects in which qualified nonprofit organizations have an ownership interest and materially participate in the development and operation of the project

throughout the compliance period. A qualified nonprofit (QNP) organization is an organization described in Section 501(c)(3) or Section 501(c)(4) of the Code and have as one (1) of its exempt purposes the “fostering of low-income housing.” Furthermore, the organization must materially participate in the development and operation of the Project throughout the compliance period. The organization must not be Affiliated With, or Controlled By, a for-profit organization, entity, or individual.

In order to document an Applicant’s QNP status, the Applicant must submit the following:

- a. A copy of the QNP’s IRS determination letter,
 - b. A complete and current-as-amended copy of the QNP’s articles of incorporation as filed with the Secretary of State. The articles of incorporation must have as one (1) of its exempt purposes the “fostering of low-income housing”;
 - c. Complete and current-as-amended copies of the bylaws and other governing instruments of the QNP,
 - d. Evidence the QNP has an Ownership interest in the Project, and the QNP will materially participate in the development and operation of the Project throughout the Project compliance period;
 - e. A certification by the QNP that is not Affiliated With, or Controlled By, a for-profit organization, entity, or individual; and
 - f. A current list of names of all board members and officers of the QNP and any affiliation (plus the nature of the affiliation) such board member or officer has with any for-profit entities or individuals.
- ii. A thirty-five percent (35%) soft set aside has been established for Preservation projects, where at least twenty-five percent (25%) of the units have federal Project-based rent subsidies. This thirty-five percent (35%) set aside will be calculated out of each regions LIHTC allocation; if no Preservation Projects score high enough in competitive scoring to be funded, the credits will be returned to the regional pool.
 - iii. A fifty percent (50%) soft-set aside has been established for rural areas with fewer than 25,000 people in the Balance of State region; the 50% set-aside will be calculated within the Balance of State region, if no projects score high enough in competitive application to be funded or if the remaining set-aside funds are not enough to fund the next high scoring project, the funds will be returned to the regional pool.
 - iv. Other Set-Asides: The Department may also reserve a portion or portions of its allocation of state housing credit ceiling for other types of projects or sponsors; any such set-aside will be specified in the Notice of Funding Availability.

E. REGIONS

The Department established Geographic Regions based on areas with similar ability to leverage federal HOME funds as well as having the greatest project comparability

- **Metro Oregon** (Clackamas, Multnomah, and Washington Counties)
- **Non-Metro HUD HOME Participating Jurisdictions** (the cities of Eugene, Springfield, Salem, Keizer, and Corvallis)
- **Balance of State Oregon** (Baker, Clatsop, Columbia, Coos, Crook, Curry, Deschutes, Douglas, Gilliam, Grant, Harney, Hood River, Jackson, Jefferson, Josephine, Klamath, Lake, Lincoln, Linn, Malheur, Morrow, Polk, Sherman, Tillamook, Umatilla, Union, Wallowa, Wasco, Wheeler, and Yamhill Counties as well as the balance of Benton, Lane, and Marion counties)

Applications consisting of multiple sites in different counties that cross between Geographic Regions will be evaluated in and funded from the Geographic Region where the greatest number of units is sited.

F. HOUSING AND ECONOMIC RECOVERY ACT OF 2008 (HERA) BASIS BOOST:

The Department has determined that the financial feasibility of projects meeting the criteria below may require a basis boost of up to 130 percent.

- i. Preservation projects.
- ii. Projects serving permanent supportive housing goals.
- iii. Projects located in an area where workforce housing needs are identified or community needs show a preference for the housing in the area.
- iv. Projects that are located in Transit Oriented Districts (TOD's) or Economic Development Regions (EDR's) as designated by local governments, or projects in a designated state or federal empowerment/enterprise zone or Public Improvement District (PID's), or other area or zone where a city or county has, through a local government initiative, encouraged or channeled growth, neighborhood preservation, redevelopment, or encouraged the development and use of public transportation.
- v. Projects that result in the de-concentration of poverty by locating low-income housing in low poverty areas, which are Census Tracts where less than 10 percent of the population lives below the poverty level.

Any NOFA will include a pre-application to determine state Basis Boost eligibility with the Department.

G. PROJECT PREFERENCES: LONG TERM AFFORDABILITY.

The Department has established a threshold requirement that all competitively awarded housing tax credit projects must remain affordable for 60 years. No additional preference is conferred on projects affordable for more than 60 years.

H. APPLICATION THRESHOLD

i. TOTAL DEVELOPMENT COST PER UNIT

Applications listing more than published Total Development Cost per unit size will need to submit an explanation. Costs are based on total Development and Construction Costs (excludes acquisition) and calculated based on bedroom size for urban and balance of state projects.

Urban definitions apply in the Metro Region and to any application which meets two urban project criteria (e.g. more than four (4) stories, elevator, required structured parking, located on urban infill site).

I. SELECTION CRITERIA:

Both quantitative and qualitative factors are considered in the scoring. Qualitative measures are evaluated by a scoring committee comprised of Department personnel, industry leaders and regional representatives responsible for the competitive scoring and ranking the Projects. The criteria to be used, and the scoring group, for each scored section will be as follows:

i. NEED: 20 POINTS

a. **Target Population**

Percentage of units to serve households with children and other populations with special needs

b. **Severity of Need**

1. Population Growth rate;
2. Rental Housing Age,
3. Severe Housing Burden rate;
4. If New or Acquisition / Rehab; Affordable Housing Gap;
5. If Preservation; Community Affordable Housing Percent

c. **Underserved Geography**

Need Distribution of Affordable Housing Units Vs Actual Distribution of Affordable Housing Units

A data based calculation that is used to distribute LIHTC funding across regions as well as evaluate the equitable distribution of funded affordable housing. It is based on most recent five (5) year American Community Survey data. The formula equally weights the number of renter households earning sixty percent (60%) of county median family income and the number of severely rent burdened (fifty percent (50%) or more of income on housing) households.

ii. IMPACT: 40 POINTS

New Construction and Acquisition / Rehabilitation Project Impact Criteria

a. **Plan Alignment**

Project applicants are asked to identify connections between the proposed Project and established local, regional or state published plans, including Consolidated Plans and planning efforts of Regional Solutions Teams, Coordinated Care Organizations, Early Learning Hubs, or Workforce Investment Boards.

b. **HOME Leverage**

Projects will receive a point for any committed leverage of HOME and CDBG Funds; in Balance of State projects will receive this point if acceptance of HOME as gap funding source is included in application for funds; those projects in Participating Jurisdictions that also award Tax Increment Financing (or another OHCS approved place-based economic development funds) that are used by Participating Jurisdictions in lieu of HOME for gap funding sources will also receive this point.

c. **State Initiative/Policy Alignment**

Project applicants are asked to identify the way in which the proposed Project advances long-term statewide human service policy priorities as articulated by the Governor or in enacted legislation and can demonstrate a specific plan for improving human service outcomes.

d. **Service Delivery**

Project applicants are asked to identify service delivery information. This information will include the partners involved, the division of responsibilities and accountability for service provision, referral, and outcome tracking

e. **Affirmative Marketing**

Project applicants are asked to identify ways that their adopted Affirmatively Marketing Plan achieves above and beyond the elements required by HUD. Additional actions should include using detailed demographic factors in designing outreach strategies; including partner agencies in marketing; preparing reports on identified outcomes

f. **Location Efficiency**

1. Walk-ability
2. Food Access
3. Medical Access
4. Public Transit
5. Education for family housing

g. Location Preferences

1. Vulnerable Gentrification Areas
 - i. Revitalization Plan
 - ii. Qualified Census Tract
 - iii. High percentage communities of color
 - iv. High percentage low educational achievement
 - v. High percentage renters
2. Opportunity Areas
 - i. Low poverty Census Tract
 - ii. High ratio of jobs to population
 - iii. Below average unemployment
 - iv. High scoring schools

Preservation Project Impact criteria

a. Tenant Impact

1. Vulnerable Tenant Displacement;
2. Extremely Low Income;
3. Rental Assistance;
4. Tenant Protections;
5. Voucher utilization;
6. Available and affordable rental housing in the community;

b. Risk of Loss

1. Opt-out / Market conversion risk;
2. Physical Condition Risk

c. Prudence of Investment

1. Total Cost Per Unit
2. Narrative Description of Costs; applicants are asked to describe the cost of the Preservation Project including providing context for the investment and assessing the Prudence of Investment

d. Plan Alignment

Project applicants are asked to identify connections between the proposed Project and established local, regional or state published plans, including Consolidated Plans and planning efforts of Regional Solutions Teams, Coordinated Care Organizations, Early Learning Hubs, or Workforce Investment Boards.

e. HOME Leverage

Projects will receive a point for any committed leverage of HOME and CDBG Funds; in Balance of State projects will receive this point if acceptance of HOME as gap funding

source is included in application for funds; those projects in Participating Jurisdictions that also award Tax Increment Financing (or another OHCS approved place-based economic development funds) that are used by Participating Jurisdictions in lieu of HOME for gap funding sources will also receive this point.

h. Service Delivery

Project applicants are asked to identify service delivery information. This information will include the partners involved, the division of responsibilities and accountability for service provision, referral, and outcome tracking

i. Affirmative Marketing

Project applicants are asked to identify ways that their adopted Affirmatively Marketing Plan achieves above and beyond the elements required by HUD. Additional actions should include using detailed demographic factors in designing outreach strategies; including partner agencies in marketing; preparing reports on identified outcomes

f. Location Efficiency

1. Walk-ability
2. Food Access;
3. Medical Access;
4. Public Transit;
5. Education for family housing;

g. Location Preferences

1. Vulnerable Gentrification Areas
 - i. Revitalization Plan
 - ii. Qualified Census Tract
 - iii. High percentage communities of color
 - iv. High percentage low educational achievement
 - v. High percentage renters
2. Opportunity Areas
 - i. Low poverty Census Tract
 - ii. High ratio of jobs to population
 - iii. Below average unemployment
 - iv. High scoring schools

i. PREFERENCE: 10 POINTS

a. Serving Lowest Incomes

1. Average Gross Median Income

2.Subsidy

b. **QAP Preference**

- 1.Intended for eventual tenant ownership
- 2.Energy efficient measures employed
- 3.Evidence of historic value for the community
- 4.Established commitment to marketing to public housing wait lists

ii. FINANCIAL VIABILITY: 15 POINTS

a. **Development pro forma review**

- 1.Pro forma includes only realistic and available resources on the Sources of Funding
- 2.Explanation of how the development budget will still be valid at the start of construction
- 3.Relocation Plan completed if warranted and aligns to development budget
- 4.Developer's fee is within the OHCS desired range
- 5.If URA, the budget line item accurately reflects the project cost based on the sufficient Relocation Plan
- 6.If Commercial Real Estate is included in the Project, Sources and Uses are provided on a separate pro forma page

b. **Operating pro forma review**

- 1.Affordable rents begin at 10% below estimated market rents
- 2.Year one debt coverage ratio is 1.1 to 1.15 when using OAHTC or 1.20 to 1.35 when not using OAHTC
- 3.Cash flow within OHCS guidelines or adequately explained (1.35 or below, unless adequately explained or declining cash flows require a higher debt coverage)
- 4.Vacancy rate at 7% or adequately explained
- 5.Submitted reserve or replacement analysis and included adequate amount for replacement items in pro forma
- 6.Income inflation factor is less than expenses inflation factor

c. **Reasonable request and demonstrated need for resources**

- 1.Eligible Basis analysis is based on reasonable project pro forma line items

d. **Well documented and explained construction costs**

- 1.Construction documents, including CNA, provide enough detail to adequately calculate project hard costs
- 2.Construction and rehabilitation estimates substantially agree with the pro forma
- 3.Green building costs reflected in construction costs

4. Contractor overhead, profit and general conditions are within the required range for LIHTC

e. **Explained exit strategy at year 15**

1. Exit strategy explanation adequate and acceptable.
2. Safe harbor guidelines used in strategy.

iii. CAPACITY: 15 POINTS

a. **Owner, sponsor, management performance**

Project applicants with projects in the OHCS portfolio will be reviewed on the performance of all projects in the portfolio, the average score of all projects will be used; Project applicants without projects in the OHCS portfolio will be asked to submit a letter indicating their compliance status with any existing projects (if unreported noncompliance is discovered later, it will be grounds for rescinding awarded credits or carry to future applications for funding).

Portfolio project criteria will be calculated for each relevant project and summed and apportioned based on portfolio size.

1. **Federal Reporting Criteria**

- i. 8823s status

2. **OHCS Portfolio Compliance Criteria**

- i. Most recent REAC score;
- ii. Most recent Physical Review;
- iii. Most recent File Review;
- iv. Most recent Resident Services Review;
- v. Most recent Response Review;
- vi. CCPC submission received for current year shows compliance;
- vii. Ongoing compliance issues;

3. **OHCS Portfolio Viability Criteria**

- i. Financial submission as requested;
- ii. Most recent audited financial is closed;
- iii. Most recent audited financial Debt Coverage Ratio;
- iv. Asset management community evaluation completed satisfactorily;

b. **Readiness to proceed**

1. Funding commitment for planned Project funds;
2. Demonstrated ability to begin construction within 12 months
3. Proposed project schedule appears adequate and reasonable
4. Explanation of why project must be funded now as opposed to future NOFAs reasonable

5.Explanation of when other sources of funds will be available to the Project if not already committed is reasonable

J. RANKS AND TIE BREAKING

Applications are first ranked by Geographic Region. Applications with the highest in overall scoring within each Geographic Region set-aside will be funded as allocated resources allow; if no Applications eligible for a set-aside score adequately to be funded in the region the funds will be put back into the regional pool. Once set-aside Projects are funded, the Applications with the highest overall score within each Geographic Region will be allocated LIHTCs until the balance of available LIHTCs or other Department funding sources are not adequate to support any other Applications within the Geographic Region.

If there are remaining LIHTCs in any of the Geographic Regions, such remaining LIHTCs will be pooled, along with any remaining Department funding sources, for further consideration for the remaining unfunded Applications. Applications would then be ranked statewide by overall score and additional reservations may be issued until the balance of available LIHTCs or other Department funding sources are not adequate to support any other Applications.

If LIHTCs and/or other Department funding sources remain after all reservation processes are complete, the Department may choose, at its sole discretion, whether or not to award any or part of the remaining LIHTCs/resources.

If the total evaluation scores of two (2) or more Applications result in a tie and LIHTC allocation availability are insufficient to fund all tied Applications, the following criteria will be used to break the tie:

- If the tied Projects are in different Regions and more than fifty percent (50%) of the remaining funds comes from one of those Regions; that Project will be funded.
- If the tied Projects are in the same Region, or from Regions whose allocation contributes less than fifty percent (50%) of the remaining funds, the Project with the lowest Average Median Income served will be funded.
- If the Average Median Income is tied, the Project with the lowest cost (excluding acquisition and reserves) will be funded.

K. RETURNED AND UNUSED LIHTC ALLOCATION AUTHORITY

i. REISSUING RETURNED AWARDS

In the event an Application being considered for a LIHTC Reservation or Allocation either withdraws or is cancelled, or was not originally allocated during the funding cycle, or National Pool is awarded above current allocations, the Department, at its sole discretion, may do any of the following:

- a. If needed and available, fill Project gaps for previously funded Projects that have not met Carryover;
- b. Fund the next highest ranking Application from the current funding cycle that matches or is closest to the amount of LIHTCs and other Department funding sources available. The Applicant will be given thirty (30) days to reevaluate the financial feasibility and determine whether or not the proposed Project can move forward. Once the Department has published the Application Rankings, such rankings will be used to allocate LIHTCs during the annual funding cycle until October 1. At that time, funding order will be relinquished until re-established in a subsequent Notice of Funding Availability. Any returned credits after Sept. 30 of any year will be treated as if received in the following year, and will be allocated as part of that future allocation year.
- c. The Department may issue a Request for Proposals, or special application process for Projects to complete for the unused LIHTCs.
- d. Add the amount to the total available to the following calendar year's application-award cycle.

To the best of its ability, the Department will maintain the desired funding split between Geographic Regions.

Applications will remain eligible for the funding cycle for which they applied for LIHTCs only if the Applicant has not applied as a four percent (4%) non-competitive Project and received a reservation of non-competitive credits.

If a funded Project cannot meet Carryover requirements, or becomes ineligible for the LIHTC for any other reason, the next highest ranking and eligible Project will be notified. Other Department funding sources for possible replacement Projects may also be reserved based upon any availability.

ii. RE-EVALUATION OF RESERVATION

The following events will result in a re-evaluation of a previously issued Reservation:

- a. Failure to close within two hundred forty (240) days of the Reservation ("Reservation Period"),
- b. A material change so that the Project or Applicant no longer meets the Minimum Qualification Threshold or any of the competitively scored criteria,
- c. The proposed Project will not be placed in service by the date mutually agreed upon,
- d. Other material causes at the Department's reasonable discretion.

In the event of a re-evaluation of Reservation, the Agency, at its reasonable discretion, may do any of the following:

- a. Revoke the Reservation,

- b. Approve requested changes to the original Application as proposed,
- c. Take no action.

IV. GENERAL THRESHOLD AND UNDERWRITING

A. PROJECT FEASIBILITY AND VIABILITY

The Department will determine the amount of tax credit necessary for a project's financial feasibility and viability as a qualified low-income housing project. The Department will not allocate or award to a project more than the minimum amount of tax credits required to ensure a project's financial feasibility and viability.

A complete market analysis must be submitted 90 days after Reservation. See Market Study appendix for complete requirements

B. GENERAL THRESHOLDS:

The Department has established the following Minimum Threshold Requirements (Thresholds) for evaluating Projects. The Requestor must demonstrate in the Request compliance with all the applicable Thresholds. Failure to pass any of these Thresholds will disqualify the Request from receiving any funding resources.

i. ADMINISTRATIVE REVIEW; COMPLETE APPLICATION AND APPROPRIATE CHARGE

The Applicant must submit a complete, legible, and executed Application satisfactory to the Department. The Applicant must include all required attachments and the appropriate Application charge by the deadlines established by the Department. The Applicant must use the Department's Application forms.

When responding to a NOFA, the Application, attachments, and Application charge must be received by the Department at its office no later than 4:00 pm Pacific Time on the Application deadline. No late Applications will be accepted.

The Applicant may pay the charge with a business or personal check, a money order, or a cashier's check. Cash is not accepted. An Application submitted with a check that is returned for insufficient funds will be disqualified and not considered further.

The Applicant must include all of the required attachments to show the Project meets the Minimum Threshold Requirements and all Allocation Criteria the Applicant has selected for the Project.

The Department will only consider the material and information included in the Application when it is first submitted, except for (i) changes permitted by the Department in its discretion, and (ii) material accepted during a Correction Period

Correction Period

If the Department determines an Application is substantially complete, but a minor item is missing, incorrect, or needs clarification, the Applicant will have five (5) business days from receipt of written notice from the Department to submit the required information. At the discretion of the Department, additional time may be permitted to submit the required information. The written notice will be sent to the address of the contact person identified in the Application. If the Applicant fails to submit the required information within the required time period (including extensions) the Department may disqualify the Application.

The Correction Period does not apply to any Application determined to be materially incomplete by the Department.

ii. ASSET MANAGEMENT COMPLIANCE

Applicant's current portfolio of Projects monitored by the Department must be in compliance with required Program and Department regulations. Each Applicant will be evaluated using a standardized internal process reviewing asset management and compliance categories with portfolio thresholds and will be evaluated based on the size of the portfolio. Compliance categories evaluated will include the following:

- a. Most recent rating received for management reviews;
- b. Physical inspections;
- c. Tenant file reviews;
- d. REAC scores;
- e. Submission of required reporting including financial audits and certifications of program compliance (CCPC's);
- f. Owner and Management cooperation with reporting and communication; and
- g. Need or outcome for a community evaluation within the last year.

The past performance of each Requestor will be evaluated internally by reviewing standard asset management and compliance categories against portfolio thresholds which are established based on the size of the portfolio.

iii. PROGRAM COMPLIANCE

Requestors must satisfy all Project Requirements including, but not limited to, the Program Requirements for all applicable Department funding sources. Each Department funding source has separate requirements within the Request Application, including forms and exhibits that must be submitted simultaneously with the Request Application. These Requests, forms and exhibits are more particularly described and available in the Applications and Program Manuals. The Request must be in compliance with all Project

Requirements including, but not limited to, all relevant Program Requirements in order to be considered for funding.

iv. RESIDENT SERVICES

The Applicant is required to provide a Resident Services Description at the time of Application, in accordance with the goals and guidelines in Appendix D.

v. RELOCATION PLAN

If any relocation or displacement might occur as a result of an Allocation, the Application must contain a relocation plan satisfactory to the Department including all of the following:

- a. A complete survey of existing tenants using the format provided by the Department. This survey must be augmented to include third party income verification and be completed and approved by the Department prior to the Equity Closing.
- b. Type of displacement that will occur (permanent or temporary).
- c. Proposed relocation/displacement process. Indicate compensation and advance notice provided to those subject to displacement.
- d. Availability of comparable units in the community.
- e. Describe the local jurisdiction displacement/relocation policies, if applicable.
- f. Describe how tenants with disabilities will be assisted regarding relocation or displacement.
- g. Provide regular updates on each resident to be relocated or displaced; and
- h. For Projects receiving federal funds, the Uniform Relocation Act (URA) may apply. URA requirements, if inconsistent, will supersede any of the above.

vi. READINESS TO PROCEED

a. **Site Control**

The Applicant must have control of the land and other real property necessary for the Project by the Application deadline and submit evidence of that control with the Application. Acceptable evidence of site control is a document that has a complete and accurate legal description and is either:

1. a recorded deed or conveyance showing the Applicant has Ownership,
2. a valid purchase and sale agreement,
3. a valid option to purchase,
4. a valid option for a long-term lease, or
5. any other evidence satisfactory to the Department.

The name on the evidence of site control and the Application must be **exactly** the same. The site control document also must identify the exact same area as the Project site listed in the Application and the exact same cost for the land and/or existing buildings for the Project referenced in the development budget provided with the Application. If the site

description in the Application and the site control document are not exactly the same, the Applicant must provide a narrative description and supporting documentation satisfactory to the Department to clarify how the area and cost for the Project were established.

The Department will only accept one Application for a specific site or for any part of the same site, regardless of whether Applications are submitted by the same Applicant or by multiple Applicants. If there is more than one (1) Application received for the same site, or any part of the same site, the Department may disqualify one (1) or all of the Applications. The *non-refundable* Application charge for each Applicant will be retained by the Department.

b. Additional Federal Project Resources Status

If the Applicant has identified additional federal resources, such as rental or capital assistance from Housing and Urban Development (HUD), US Department of Agriculture Rural Development (RD), or Veteran’s Administration (VA), as part of the funding structure, the Applicant will be required to provide evidence satisfactory to the Department that an application for these resources has been submitted and remains active.

c. Adequacy of Development Schedule

The Applicant’s development schedule must clearly demonstrate that funds will be invested and the Project will be constructed, leased and stabilized within all required Program(s) time frames.

d. Adequacy of Environmental Checklist

If there is any adverse Environmental factors established at the time of the Department’s Environmental review, the Applicant must provide a satisfactory mitigation plan.

C. GENERAL UNDERWRITING

i. PROGRAM LIMITS:

The Department has established the following program limits (Program Limits) for evaluating Projects. The Requestor should demonstrate in the Request compliance with all the Program Limits. In determining the amount of Program resources to allocate to a Project, the Department may reduce the budget and funding amounts to reflect the Program Limits listed below. If Requestor varies from the following Program Limits, mitigating factors must be provided by the Requestor, which factors will be subject to Department consideration in its sole discretion.

ii. MAXIMUM CONSTRUCTION CONTINGENCIES

The maximum amount of LIHTCs reserved or allocated to a Project will be determined after limiting the rehabilitation contingency to ten percent (10%) of the rehabilitation costs and the new construction contingency to five percent (5%) of new construction costs. Rehabilitation costs include rehabilitation hard costs, site work costs, and contractor profit and overhead. New construction costs include new construction hard costs, site work costs, and contractor profit and overhead.

iii. MAXIMUM LIHTCs PER PROJECT

Credit Reservations and Allocations to a single Project are limited to not more than ten percent (10%) of the Per Capita Annual Authority Available in a given year (Application Cap), rounded up to the nearest \$10,000.

iv. MAXIMUM DEVELOPER FEES

The Department will consider Developer fees in the aggregate, up to fifteen percent (15%) of Total Project Costs less acquisition, consultant fees, reserves, and the requested developer fee amount in addition to five percent (5%) for acquisition where there is no identity of interest and zero percent (0%) for acquisition where there is an identity of interest. For this purpose, developer fees shall be deemed to include all consultant fees (other than arm's length architectural, engineering, appraisal, market study and syndication costs), and all other fees paid in connection with the Project for services that would ordinarily be performed by a developer, as determined by the Department.

The Developer Fee for 9% LIHTC will be set at the time of the construction/equity closing based on the Project's final budget after construction bids have been accepted and final sources and uses have been balanced. The Developer Fee for 4% LIHTC will be set at time of application. The fee presented in the Placed in Service documentation may not exceed the amount finalized at closing. It is expected that a Project with excess funds will return those funds to one or more of the public funders involved upon Project completion. Other Department resources will have a priority for return upon the determination of excess funds for the Project.

To be included in tax credit basis, deferred developer fees must be due and payable at a certain date generally within a time period that does not exceed fifteen (15) years. Cash-flow Projections must support the expectation of repayment. If repayments are not illustrated annually, the portion not illustrated to be repayable will be removed from eligible basis.

For acquisition/rehabilitation Projects where the cost of rehabilitation is less than twenty-five percent (25%) of the reasonable "as-is value" of the building, the Department will only allow developer fees up to ten percent (10%) of Total Project Costs less reserves, and less the requested developer fee amount. Total rehabilitation costs consist of the budget

categories of site work, rehabilitation, contractor overhead and profit, and contingency. The Department may require a current third-party FIRREA compliant appraisal to establish the building's as-is value to be ordered by the Department or third-party lender and to be paid for by Applicant.

For the purposes of this policy, Reserves, Developer Fee and any amounts attributed to commercial areas or other non-residential areas are not considered part of the Total Costs upon which the Developer Fee is determined.

Using the final budget at Equity Closing, the Department will evaluate the balance of sources and uses and confirm the amount of the final Developer Fee.

v. OPERATING EXPENSES

Operating expenses will be reviewed for reasonableness within the budgets submitted; Applicant may be required to submit documentation (including for example three years of audited financials for rehabilitation projects) to substantiate that any or all of the projects revenue or costs are reasonable.

vi. MAXIMUM CONTRACTOR'S PROFIT AND OVERHEAD

Maximum combined profit and overhead of the general contractor is subject to the reasonable discretion of the Department. The Department may consider factors including, but not limited to, the financial feasibility and viability of the Project, the complexity of the construction, the overhead costs of the general contractor, and area profit margins and overhead in determining the allowable level of combined profit and overhead. When the general contractor is a Principal, Related Party or otherwise has an Identity of Interest with the Requestor or Project Owner, the Department will limit the general contractor's combined profit and overhead to an amount up to ten percent (10%) of total rehabilitation/construction costs plus site work costs. All others will be limited to a combined profit overhead and general conditions amount of up to fourteen percent (14%) of construction costs plus site work.

vii. OHCS LOANS

OHCS loans will be offered with either interest only or interest and principal annual payments depending upon the debt coverage ratio (DCR) in the application for HOME funds. Projects with a DCR greater than a 1.15 to 1 (based on permanent loan after OAHTC plus HDGP loan) will be charged annual interest payments plus principal payments. Projects with a DCR less than 1.15 to 1 will be charged only annual interest payments. Payments will be due 120 days after the calendar year end. Prepayments will be accepted with no penalty and any unpaid principal remaining at the end of the loan period will be immediately due.

D. INAPPROPRIATE USE OF RESOURCES

i. DEBT REDUCTION

Program resources may not be used to buy down or refinance existing debt.

ii. REIMBURSEMENT FOR PRIOR CONSTRUCTION

Program resources may not be used to reimburse construction or rehabilitation work started or completed within six (6) months before an initial Request is received by the Department.

E. FINANCIAL FEASIBILITY

i. SOURCES AND USES STATEMENT:

The Requestor must submit the Sources and Uses statement with its Request or as otherwise required by the Department. The Sources and Uses statement must describe all of the funds or Sources to be used to pay for all Project costs and the intended Uses of such funds. The statement must identify each separate source and use and the estimated timing of final approval for each. The Sources and Uses must balance fully and no Source may be unknown. If any sources or uses are identified as unknown at the time of review, the Request’s application may be deemed incomplete and removed from further processing.

Acquisition cost must be supported by an appraisal	Possible exception for HDGP and GHAP only project at the discretion of OHCS
Construction Inflation Factor/Cost Escalator (applies to separate line item above and beyond construction bid)	2 % of total construction cost less capitalized reserves
Contractor Profit and Overhead – non Identity of Interest (does not include insurance)	14% of total construction cost or less, not including contractor profit and overhead or capitalized reserves
Contractor Profit and Overhead – Identity of Interest (does not include insurance)	10% of total construction cost or less, not including contractor profit and overhead or capitalized reserves
Soft Costs	30% of Total Project Cost or less, not including capitalized reserves
Operating Reserve	Generally limited to six (6) months operating expenses or less
Lease Up Reserve	Submit cash flow analysis utilized to determine the amount
Reserve for Replacement (Capitalized)	Submit evidence of the partner lenders and/or investors to document their requirement

ii. OPERATING PRO FORMA:

The Requestor must submit with its Request an operating pro forma for the Project satisfactory to the Department demonstrating financial feasibility and viability of the Project for a typical fifteen (15) year compliance period. Different Programs may have different compliance periods and the Department may require that the operating pro forma address relevant compliance periods. In addition, the Requestor must demonstrate that the Project will continue to be economically feasible and have adequate replacement reserves for an extended use period of an additional fifteen (15) years after the initial compliance periods. The operating pro forma must list each of the compliance periods and extended use periods separately and include assumptions, notes and explanations regarding the respective income and expense projections.

Absent a long-term commitment (in excess of ten (10) years), Projects with rental assistance must demonstrate financial feasibility excluding the rent subsidy.

If the Project includes commercial and/or other non-residential space, the Requestor must submit the following information and supporting documentation in addition to the residential pro forma requested above:

- a. A breakdown of the total residential and commercial project costs,
- b. A list of the financing sources for the commercial areas,
- c. Ownership entity and management agent of the commercial areas; and
- d. A thirty (30) year operating pro forma for both the residential and commercial areas.
- e. Such other information as the Department may require.

The pro forma must contain the following data:

- a. Growth assumptions that are typically estimated at two percent (2%) per year for income and three percent (3%) per year for expenses.
- b. Estimates of income and expenses that are well documented by actual historical amounts, comparable income or expense studies, Requestor market assessment, a market study or an appraisal.
- c. Such other information as the Department may require.

The pro forma also must address the following industry benchmarks:

- a. A vacancy ratio of not less than seven percent (7%), if a different rate is used, explanation must be provided in the Financial Description section of the application.
- b. An expense ratio and expenses per units properly scaled to the size and scope of the improvements, the cost of local utilities and taxes and the makeup of tenant

population served. Standard of \$,600 per unit per year. A maximum variance of 20% above appraised comparables may be allowed with justification.

- c. Replacement reserves properly scaled to the size and scope of the improvements and the age and condition of the property. Minimum guideline of \$350 per unit per year, \$300 for Senior Projects; if rehabilitation amounts in excess will be allowed if reasonably justified by Capital Needs Assessment, if new construction amounts in excess will be allowed if reasonably justified by the 30 year replacement reserve analysis.
- d. Operating Reserves that are generally limited to six (6) months or less of operating expenses.
- e. Standard for repairs and maintenance;
 - 1. \$400 New construction
 - 2. \$450 Rehabilitation
 - i. If outside of the guidelines, provide justification.

While using some benchmarks and industry best practices to evaluate the information, each pro forma will be separately assessed based on its reasonable and well-documented projection of income and expenses to determine if it effectively demonstrates the Project's financial feasibility and viability.

iii. REHABILITATION AND REPLACEMENT RESERVES

At the time of Application, requests for rehabilitation Projects are required to provide a thorough Capital Needs Assessment (CNA) satisfactory to the Department. The CNA is described in the Architectural Appendix.

iv. MINIMUM DEBT COVERAGE RATIO

For Projects that require first mortgage financing, the minimum year one Debt Coverage Ratio (DCR) will be 1.20:1 for the primary debt. If there are project-based rental assistance contracts designated for the Project, then the DCR may be as low as 1.15 in the Department's discretion. The maximum DCR at year 20 is 1.15:1 for primary debt. If it is beyond the maximum the Department will consider exceptions if project submits documentation to substantiate their maximization of first lien debt.

If there is secondary debt, or has Rural Development primary debt that is hard debt with required monthly or annual payments, then a minimum Debt Coverage Ratio of 1.10:1 will be used for the combined primary and secondary debt payments. Secondary debt repaid out of excess cash flow only may be below the required 1.10:1 in the Department's discretion. The interest rate in any partnership loan that is part of the project may not

exceed, but can be less than an interest rate equal to the Applicable Federal Rate for the term of the loan.

v. DEBT UNDERWRITING:

Many Projects require primary mortgage debt as one of the sources of funds. If there is mortgage debt, the proposed debt service coverage, and breakeven ratios must be in conformance with Department limits and industry norms noted previously. If there is no mortgage debt, then the pro forma must demonstrate a stable positive cash flow over the required economic life of the Project.

F. DEVELOPMENT TEAM CAPACITY

i. PREVIOUS EXPERIENCE

The Requestor must demonstrate to the satisfaction of the Department that the Requestor, the developer, the project management consultant, the general contractor, the development consultant under contract and/or other persons or organizations materially involved in the acquisition, construction, rehabilitation, development, or improvement of the Project has:

- a. successfully completed a multi-family housing project of a comparable number of housing units, of similar complexity, and for a similar target population as the proposed Project;
- b. the necessary level of staffing and financial capacity to successfully manage development and operations of its current Project portfolio including, but not limited to, all current and pending projects and Requests; and
- c. successfully completed previous projects for which a similar Program allocation was received in Oregon or other states.

If the Requestor is using a development consultant to show this capacity, the Requestor must also submit a copy of the executed contract detailing terms, conditions, and responsibilities between the Requestor and the development consultant.

ii. PROPERTY MANAGEMENT CAPACITY

If the Requestor is going to employ a property manager with respect to the Project, the Requestor must provide a document detailing the experience level of the proposed property management firm that demonstrates they have successfully managed:

- a. a multi-family housing project of a comparable number of housing units and/or of a similar complexity as the proposed project; and
- b. a multi-family assisted or subsidized housing project with local, state, and/or federal operating requirements comparable to those of the requested Program.

iii. FINANCIAL CAPACITY:

As disclosed in the Request or other required information, Requestor's financial condition must not contain any adverse conditions that might materially impair the Requestor's ability to perform its financial obligations as sponsor during the construction or stabilization of the Project.

iv. DEPARTMENT SOLE DISCRETION

The Department reserves the right to determine, in its sole discretion, whether the Third-Party Letters of Interest or Intent, Award Letters, or Commitment Letters are satisfactory, and whether a lender or investor possesses the financial or other capacity to make a specific loan or investment. A change in the Project's financing structure or financing terms after Reservation of Department funds must be brought to the attention of the Department. The Department may in its sole discretion re-underwrite the Project, which may result in all or a part of the Department resources being recaptured or reduced by, or returned to, the Department.

v. PROJECT/REQUEST DENIAL

The department may reject a Request where the Requestor, Owner, Principal, or other Participant with respect to the proposed Project, previously has:

- a. Failed to complete projects in accordance with requests or certified plans presented to the Department or other public or private allocating agencies.
- b. Failed to complete a project within the time schedule required or budget indicated in the request.
- c. Failed to effectively utilize previously allocated program funds and notified of such failure to meet appropriate utilization in advance of request NOFA closing date.
- d. Been found to be in non-compliance with program rules as evidenced by Department or other public or private allocating agency project monitoring and missed the cure time deadline given in writing.
- e. Been debarred or otherwise sanctioned by the Department or other state, federal or local governmental agency.
- f. Been convicted within the last ten(10) years of criminal fraud, misrepresentation, misuse of funds, or moral turpitude or currently is indicted for such an offense.
- g. Been subject to a bankruptcy proceeding within the last five (5) years.
- h. Otherwise displayed an unwillingness or inability to comply with Department requirements.

The Department reserves the right to disapprove any Request if, in its judgment, the proposed Project is not consistent with the goals of providing decent, safe and sanitary

housing for low-income persons. The Department may impose additional conditions on Project sponsors for any Project as part of the Request, Reservation or Allocation processes.

G. FINANCIAL SOLVENCY AND LITIGATION STATUS

As part of the Application and at such other times as required by the Department, the Applicant must provide a certification with respect to the financial solvency of the Applicant, the Project and certain Project participants in the form required by the Department.

If the certification discloses any financial difficulties, risks or similar matters the Department believes in its sole discretion might materially impair or harm the successful development and operation of the Project as intended, the Department may:

- i. Refuse to allow the Applicant or other participant to participate in the Tax Credit Program or other Department Programs,
- ii. Reject or disqualify an Application and cancel any LIHTC Reservation or Allocation,
- iii. Demand additional assurances that the development, Ownership, operation, or management of the Project will not be impaired or harmed (such as performance bonds, pledging unencumbered assets as security, or such other assurances as determined by the Department);
- iv. Take such other action as it deems appropriate.

The Applicant must also immediately disclose throughout the Application process and throughout the development and operation of the Project if there is a material change in the matters addressed in the certification.

V. LIHTC REQUIREMENTS AND PROCESSES

A. LIHTC RESERVATION AND CARRYOVER ALLOCATION REQUIREMENTS

Those Projects selected by the Department as eligible for LIHTCs will be issued a LIHTC

Reservation, Carryover Allocation, and Form 8609 only if they meet the requirements set out in the Department's documentation. The Department may disqualify the Project/Application and cancel the LIHTC Reservation and Carryover Allocation for any Project if these requirements are not met by the deadlines set by the Department.

i. RESERVATION PERIOD

If the Applicant does not satisfactorily complete the conditions of the LIHTC Reservation Letter and/or the Carryover Allocation Agreement the Project may have the LIHTC Reservation rescinded.

The Department may reallocate LIHTCs in accordance with Section VI(ii)(F)

The Department will require each Applicant that has received a LIHTC Reservation to demonstrate the Project is making satisfactory progress towards completion through regular progress reports.

ii. NO REPRESENTATION OR WARRANTY

Issuance of a Department funding resource Reservation shall not constitute or be construed as a representation or warranty as to the feasibility or viability of the Project, or the Project's ongoing capacity for success, or any conclusions with respect to any matter of federal or state law. All Department resources are subject to various state and federal regulations governing the specific program from which they are obtained, and Requestors are responsible for the determination of their Project's eligibility and compliance consistent with all Project Requirements.

iii. CARRYOVER ALLOCATION AGREEMENT

Applicants, on or before December 1st of the LIHTC Allocation Authority year, must submit either an application for LIHTC Carryover Allocation (if the Project is still in the construction phase), or a Final Application indicating placed-in-service.

All LIHTC Carryover Allocations will be made on a "Project" basis. The LIHTC amount that qualifies for a Reservation to any Project is the lump sum amount of that available to each qualified building in the Project. The actual amount of LIHTCs available for any specific building will be apportioned from the lump sum Carryover Allocation of Credit and determined when that building satisfies the placed-in-service Allocation requirements.

B. TEN PERCENT (10%) CARRYOVER TEST

Within twelve (12) months of the date of the Carryover Allocation Agreement the Applicant must demonstrate to the satisfaction of the Department that it has incurred more than ten percent (10%) of the reasonably expected basis of the Project by certifying to the Department that it has fulfilled this requirement and submitting a CPA's certification.

The CPA's certification should itemize all of the costs incurred to satisfy the ten percent (10%) requirement. If the Applicant is itemizing any portion of the developer fee or consultant fees for purposes of satisfying the ten percent (10%) requirement, the certification must contain a detailed breakdown of the services performed by the developer and each consultant and the amount of the fees apportioned to each service. The Applicant must also submit a copy of all developer and consultant contracts as well as an itemized statement apportioning the fees earned to each service provided.

The Department may require the Applicant to submit additional documentation of the costs reflected in the certification and the Department may limit or exclude certain costs if it cannot determine that they are reasonable and appropriate.

C. COMPLIANCE WITH CODE AND DEPARTMENT REQUIREMENTS

The Department may choose not to issue a Carryover Allocation Agreement if the Applicant, a Principal, or any member of the Development Team is in Noncompliance with any applicable Program Requirement. If the Department decides to disqualify the Project/Application and cancel the LIHTC Reservation, any LIHTCs reserved to the Project will be automatically returned to the Department without further action of the parties and the Applicant will have no further right to such LIHTCs.

D. DETERMINATION OF LIHTC ALLOCATION AUTHORITY YEAR

When making a Reservation of LIHTC, the Department reserves the right to decide whether a Project will receive an Allocation from the closest forward allocated years' credit ceiling or an Allocation from the next following year's credit ceiling (Forward Allocation). This decision may be based on factors including, but not limited to, the Project's readiness to proceed and the likely timing of a Project's ability to satisfy the ten percent (10%) test. The Department reserves the right to exchange a current year Allocation with a future year's credit Allocation if the Department, in its judgment, is at risk of not allocating its entire current year credit ceiling.

E. FORWARD LIHTC COMMITMENT

If due to insufficient Annual Authority, the last Project to receive an LIHTC Reservation or Carryover Allocation in any round receives a Carryover Allocation for only a portion of the LIHTC needed, the Department may choose to provide the Project a Forward Credit Commitment for the balance of LIHTCs needed from the year after the majority funding allocation year. If most are funded, for example, from the 2017 allocation year, one (1) or more project may receive a 2018 allocation instead to fully fund a qualifying project. The Forward Credit Commitment will be contingent upon having Annual Authority available in the following year. Thus, the Forward Credit Commitment contract may be executed even though it is uncertain whether there will be any available Annual Allocation Authority. The Applicant should be aware of and assumes the risks of proceeding with a Project given this uncertainty.

The Department may, in its discretion, commit up to ten percent (10%) of the following year's anticipated Annual Authority for this purpose.

If an Applicant receives a Reservation commitment of current funding cycle resources and receives additional LIHTCs in a subsequent year, the applicable Qualified Allocation Plan and LIHTC Program Manual will be those in place for the earliest funding cycle in which an award of funds is received.

F. EXCHANGE A 9% CREDIT AWARD FOR SUBSEQUENT YEAR'S CREDIT ALLOCATION

Once an Applicant has received a Reservation of LIHTCs, the Applicant has the responsibility to complete the Project by the timelines identified in the IRC Section 42 and as outlined in the LIHTC Program Manual.

The Department reserves the authority to exchange an Allocation of Credits from one (1) year for the exact same amount of Credits in a subsequent credit year.

Applicants must determine good cause to return their Reservation to the Department, and as such the Applicant has a one (1) time option to return their Allocation to the Department, as follows:

- i. No later than March 31 of the year following the Reservation of LIHTCs, an Applicant may request to return its allocation for the exact same Project for which the credit was originally allocated at Carryover and exchange it for an award of the same amount of credits from the next credit year as the amount returned. For example, a 2016 awarded Project that receives a forward reservation of 2017 tax credits of the exact same amount can transfer if requested by March 31, 2017, to get an allocation of 2018 credits. This is necessary if the Project will not be placed in service by December 31, 2019 and needs to wait to place in service until the end of 2020.
- ii. After LIHTCs have been returned, an Applicant may apply for additional LIHTCs.
- iii. Projects must comply with the requirements applicable in the initial year of award and all representations made in the initial application (unless specifically and explicitly waived by the Department).
- iv. The Department will not consider filling gaps resulting from increased costs when evaluating a requested exchange of credit reservation years.

G. AFFORDABILITY PERIOD

All projects receiving the Department funds, excluding projects funded solely with bond / 4% tax credits or Oregon Affordable Housing Tax Credits, will be required to maintain the property as affordable for a minimum of 60 years. Affordability terms will be secured by a deed restriction. Owners of developments where rental assistance contracts are due to expire must apply for and if approved, accept rental assistance contract renewals. On LIHTC projects with subordinate loans, OHCS will not unreasonably withhold adjustments to the affordability requirements as it relates to the term or rent levels in order to maintain status of such debt as a loan and avoid triggering such debt as a grant. Modifications will be allowed to the extent necessary such that all subordinate loans can demonstrate ability to be repaid or refinanced at

maturity. Other exceptions or modifications will be subject to review by the Director, with approval by the Housing Council, and may include recapture of invested funding and appreciation

H. EXTENDED USE AGREEMENT (REUA)

As a condition of receiving an Allocation from the Department, the Applicant must enter into an REUA satisfactory to the Department that applies to each building in the Project. The provisions of the REUA will apply for the applicable “Affordability Period” from the date the Project is placed-in-service (the fifteen (15) year compliance period and an additional forty-five (45) year period, referred to as the “extended low-income use period”).

I. PLACED-IN-SERVICE ALLOCATION REQUIREMENTS

All LIHTC Applicants are required to complete a Final Application containing the required documentation. Any changes from the Equity Closing are subject to Department review and approval prior to the issuance of IRS Form 8609. Any change to developer fee from the Equity Closing will require written approval from the Department prior to the submittal of Final Application. Approval will be at the sole discretion of the Department and will not be unreasonably withheld for justifiable increases in the scope of work, as long as the developer fee does not exceed the Department’s approved maximum developer fee.

The Department will accept and process Final Application documents and issue IRS Form 8609(s) throughout the year. However, a Project Owner must submit a complete application with all Placed-In-Service documentation, including the independent Certified Public Accountants Report (Cost Certification) and the certificates of occupancy for each building in the Project at least sixty (60) days prior to when they expect to receive the IRS Form 8609(s).

VI. GENERAL PROCESSES AND REQUIREMENTS

A. PROJECT CHANGES

A Requestor must notify the Department in writing of, and obtain its written consent to, any material change in a Project. A Requestor must notify the Department when a material change is first identified. The Department will endeavor to respond within thirty (30) days after notice of a material change with respect to its requested consent. The Department may give or withhold its consent, or condition same, subject to its reasonable discretion. A “material change” includes, but is not limited to, a change in:

- the number of buildings or units,
- the Project contact person,
- the Identity of Interest disclosure,
- the Development Team,
- the Project’s Total Project Costs,
- a financing source (whether debt or equity),
- operating revenue or expenses for the Project of more than ten percent (10%),
- anything that would result in a change in the standards the Department uses to competitively rank projects.

The Department will determine whether or not a change in a Project is material. The Department’s materiality determination is final.

The request for approval of a material change in a Project must be submitted in writing and include a narrative description and other supporting documentation, plus the applicable revised application pages of the Request. If the Department grants the request, including as modified or conditioned, it may adjust the amount of the funding allocation to assure the sources and uses of the Project remain in balance.

B. PROJECT TRANSFER OR ASSIGNMENT REQUIREMENT

Project Transfer or Assignment Requiring Department Consent

A Project transfer of assignment means any direct or indirect sale, contribution, assignment, lease, exchange, or transfer, or other change in:

- An interest in the land, the Project, or any building;
- An Ownership interest in the entity that is the Applicant or Project Owner;
- The rights, title, or interest of the Applicant or Project Owner in any agreement in which the Department and the Applicant or Project Owner are parties.

The following transfers or assignments do not require the prior written consent of the Department; they include:

- The grant of a security interest or lien junior to the interest of the Department,
- The issuance, redemption, or transfer of stock or shares of a corporation that is not a closely held corporation.

C. PROCESS AND REQUIREMENTS FOR OBTAINING THE DEPARTMENT'S CONSENT

The first step in obtaining the Department's written consent is to advise the Department in writing of the proposed Project transfer or assignment. At a minimum the Applicant should describe: (i) the name of the Project; (ii) the names of the Applicant and/or the Owner, the proposed transferor and transferee, and all other relevant parties; (iii) a complete description of the proposed transfer or assignment, including the proposed effective date; and (iv) and special circumstances related to the proposed transfer or assignment.

After receiving the written request, Applicant will be advised of the Department's requirements and conditions that must be satisfied in order to obtain consent, including payment of document preparation charges and applicable legal fees.

If the Applicant made a commitment to participate under the set-aside category for QNP, any transfer or assignment must be such that the Project continues to qualify for applicable set-aside.

D. CONSTRUCTION CLOSING

The Requestor must give the Department at least thirty (30) days' written notice of the scheduled Construction Closing. At least ten (10) days prior to the Construction Closing, but after the general contractor bids have been received, the Requestor must submit to the Department the Project's final development budget, final sources of funds, and documentation to substantiate the final budget.

i. COST SAVINGS CLAUSE

If a cost savings clause is included in the final, executed owner-contractor agreement, OHCS requires that the Loan Officer for the Department be included in the distribution list for the submission of all contractor draw requests and change orders as submitted to the lender throughout the project. The information provided will be used for a final accounting of construction costs at final application. Any cost savings that result in an increase to the developer's fee or in the contractor profit and overhead exceeding the limitations set in section II (A)(4) above will not be allowed in eligible basis and may result in a reduction of tax credits.

E. EQUITY CLOSING

The Applicant is required to give the Department at least thirty (30) days' notice of the scheduled Equity Closing. At least ten (10) days prior to the scheduled Equity Closing, but after the general contractor bids have been received, the Applicant must submit the Project's final development budget, final sources of funds, and documentation to substantiate the final LIHTC pricing. Using the final budget, Department will evaluate the balance of sources and uses and confirm the final Developer Fee.

Once the Equity Closing is completed, the Applicant is responsible for ensuring the Department receives a copy of the final title report and the executed Partnership or Limited Liability Company Agreement.

F. FEES AND CHARGES

The State of Oregon and the Department may assess appropriate fees and charges in order to administer and monitor the LIHTC program; these are specified in Appendix E.

G. APPLICATION SCHEDULE AND DEADLINES

The Department will announce deadlines for receiving Applications by public notice to all interested parties registered on the Multi-Family technical advisory list kept by the Department. Application materials may be obtained from the Department's website at:

<http://www.oregon.gov/ohcs/Pages/multifamily-housing-funding-opportunities.aspx>

H. LEASEHOLD INTERESTS

If the Requestor proposes a long-term lease in lieu of fee ownership of the real property of any part of the Project or related land, then the Owner of the land and such other real property and holders of any liens or encumbrances with respect to the land or such other real property, must execute and record such additional documents as are satisfactory to the Department.

I. STANDARDIZATION AND SUFFICIENCY OF LEGAL DOCUMENTS

All Project approvals and funding are subject to the successful execution and recording of related documents satisfactory to the Department and the Oregon Department of Justice (DOJ). If Requestor requests negotiation of any Department-required document including, but not limited to, requesting any changes to the documents or the inclusion of other documents, they must pay such charges as may be assessed by the Department with respect to its reasonable legal and administrative costs with respect to such requests.

J. DEPARTMENT OF STATE LANDS (DSL) WETLANDS POLICY AND REVIEW

DSL will review all Projects for which funding is reserved by the Department to determine whether or not regulated wetlands exist on the Project site. The Department and Requestor, if requested, will submit relevant documents to DSL. If DSL determines wetlands are present or likely to be present, Requestors must get a qualified wetland consultant's wetland compliance verification and boundary delineation for submission, review and approval by DSL. DSL may impose additional site or design requirements for the Project.

Requestors must provide tax lot numbers for the submission to DSL. The Department has provided a space on the Environmental Review Checklist for this information. Include the tax lot number for every parcel of land in the Project. A failure to provide the tax lot number(s) will delay the DSL review process and may result, *inter alia*, in rescission of a Reservation or recoupment of any Disbursement.

K. BUREAU OF LABOR AND INDUSTRIES (BOLI) REQUIREMENTS

Funding recipients (Grantees) must comply with any applicable federal or state prevailing wage law. Requestors must contact BOLI for information on how prevailing wage laws may apply to the proposed Project. A BOLI determination letter must be submitted on every project submitted to the Department.

Prevailing wage laws may apply if all or part of the Project is deemed to be a public works project. This determination may be made if the Grantee is a public agency, such as a housing authority, and the intent is to construct or contract for the construction of all or part of the Project with public funds.

The Project may be subject to state prevailing wages if the Requestor receives seven hundred fifty thousand dollars (\$750,000) or more in public funds and the Project, *inter alia*, meets any of the following criteria:

- Less than sixty percent (60%) of the occupants have incomes less or equal to sixty percent (60%) of area median income;
- A Project building is more than four (4) stories high (unless there is a local building code exemption); or
- The overall Project includes portions, even if not constructed or contracted for construction by the Requestor, which may be deemed public works (i.e., a "mixed-use" project).

At any time during development, any change in the Project could cause the coverage determination to be void. Requestors should request updated determinations from BOLI as necessary.

This notice does not constitute legal advice. The Department is not responsible for the determination of prevailing wages status on projects. The Department encourages Requestors to

have their attorney interpret BOLI rules as they apply to a specific Project. The Department will not provide funding increases to fill gaps resulting from the Requestor's failure to budget for prevailing wage requirements. The Department specifically reserves the right to revise its reservation of funds to a Project, rescind such reservation, or recoup allocated resources if any BOLI-related funding gap should obtain.

L. HISTORIC PRESERVATION

All Project sponsors working with properties fifty (50) years old or older should consult with the State Historic Preservation Office to determine the historic significance of related buildings. If Project buildings are determined to be of historical significance, the Department encourages preservation of the historic elements in the most efficient and effective manner possible. The State Historic Preservation Office can be reached at:

State Historic Preservation Office
725 Summer St. NE. Suite C
Salem, OR 97301

M. CONSISTENCY WITH STATE CONSOLIDATED PLAN

The Department is required to develop a comprehensive state plan for low-income Oregonians (OAR 456.572). The Department has adopted the state and local Consolidated Plans as its comprehensive state plan. All Projects must be consistent with the state and local Consolidated Plans at the time the Request is submitted.

VII. CONSIDERATIONS

A. RESERVATION OF RIGHTS

i. **Documentation of Discretion**

The Department may, at its sole discretion, award credits in a manner not in accordance with the requirements of the Qualified Allocation Plan. If any provision of this Qualified Allocation Plan (and documents included herein by reference) is inconsistent with the provisions of amended IRC Section 42, or any existing or new State Laws or State Administrative Rules governing the LIHTC program, the provisions of IRC Section 42, State Laws or State Administrative Rules take precedence over the QAP.

ii. **Policy on Exceptions / Waiver Requests**

All department policies other than those mandated by Section 42 are considered as guidelines and may be waived. A written request for a waiver or exception, accompanied

by justification, may be submitted to the Department. QAP waivers will be documented for all projects and regular periodic publications of waivers will identify the applicant, the QAP provision waived, and the reason for waiver. In addition, the summary for projects recommended for funding may identify and explain waivers granted for any projects listed.

At least 30 days prior to the construction/equity closing date for applications, applicants, lenders, or syndicators must request a waiver or exception to a policy in writing with a full justification. Furthermore, the Department reserves the right to waive any provision or requirement of the QAP that is not stipulated in IRC Section 42 in order to affirmatively further fair housing.

If the Department acts contrary to or fails to take action in accordance with this Plan or any other Program Requirement, such act or omission does not constitute a waiver by the Department of a Project, person, or other entity's obligation to comply with the provisions of this Plan, other Program Requirements, or establish a precedent for any other Project, person or entity. In any event, no waiver, modification, or change of the Manuals, any other Department program manual, or any other Program Requirement will be binding upon the Department unless it is in writing, signed by an authorized agent of the Department, and consistent with law

iii. **Partial Invalidity**

If any provision of this QAP, or the application of this Plan to any person or project, is found by a court to any extent to be invalid or unenforceable, the remainder of this Plan, or the application of that provision to persons or circumstances other than those with respect to which is held invalid or unenforceable, shall not be affected. Each provision of the Plan shall be valid and enforceable to the fullest extent permitted under or federal law.

iv. **Disclaimer**

Issuance of a LIHTC reservation pursuant to a Reservation and Extended Use Agreement, an LIHTC carryover allocation (Carryover) or placed in service allocation as indicated by the IRS Form 8609 by the Department, shall not constitute or be construed as a representation or warranty as to the feasibility or viability of the project, or the project's ongoing capacity for success, or any conclusion with respect to any matter of federal or state income tax law. All LIHTC allocations are subject to the IRS regulations governing the LIHTC program, and sponsors are responsible for the determination of a project's eligibility and compliance. If statements in this QAP are in conflict with the regulations set forth in IRC Section 42, the IRC regulations shall take precedence. While this QAP and the applicable NOFA governs the Department's process of allocating LIHTC, sponsors may not rely upon this guide or the Department's interpretations of the IRC requirements.

No executive, employee or agent of the Department, or of any other agency of the State of Oregon, or any official of the State of Oregon, including the Governor thereof, shall be personally liable concerning any matters arising out of, or in relation to, the allocation of LIHTC, or the approval or administration of this QAP.

Lenders and investors should consult with their own tax or investment counsel to determine whether a project qualifies for LIHTCs, or whether an investor may use the LIHTCs, or whether any project is commercially feasible.

B. PUBLIC COMMENT REQUIREMENTS FOR THE QAP AND AMENDMENTS

Pursuant to ORS 456.555(6) (a), the State Housing Council or State Housing Stability Council (Council), with the advice of the Director of the Department, sets policy and approves or disapproves rules and standards for housing programs of the Department. The Council, together with the Department, reviewed the QAP contained herein and recommended it for the Governor's approval. After approval of the QAP, the Department may make minor and technical amendments to this QAP when changes are necessary to administer the LIHTC program to effectively serve Oregon's low-income housing needs, and to conform with amendments to IRC Section 42 regulations and Department goals. Prior to the issuance of any amendment to this QAP, the Department will issue a public notice in accordance with Oregon Public Meeting Law to allow for public comment. The Department may adopt any amendments for which it has issued adequate public notice.

C. CORRESPONDENCE AND SUBMITTALS

All correspondence and submittals to the Department pursuant to this Plan shall be in writing and delivered to:

LIHTC Program Manager
Oregon Housing and Community Services
725 Summer St. NE, Suite B
Salem, OR 97301-1266
Attn: Susan.E.Bailey@oregon.gov
Multifamily Housing Assistant

D. VIOLATIONS

The Department may exercise any of the Remedies described below if:

- The Applicant fails to comply with any Program Requirement including, but not limited to, the timely payment of charges and fees and the execution and recording of documents satisfactory to the Department;

- The Department determines the Applicant or other Program participant made a material misrepresentation, directly or by omission;
- The Department determines the Applicant or other Program participant is debarred from accessing Program resources or otherwise is not a qualifying Applicant; or
- The Applicant, Owner, or other Program participant otherwise defaults with respect to any Program Requirement or obligation to the Department.

The Department will have no duty, obligation, or liability to the Applicant, the lender, the Credit investor, or other related Program participant for exercising such remedies. Applicant and related Program participants, including lenders and Credit equity investors, expressly waive any claims, causes of action or other remedies against the Department with respect to a disqualification, cancellation, or modification as described above as a condition of Applicant's filing of its Application or their participation in the Program.

E. REMEDIES

In the event of a Violation described above, the Department may elect to pursue any and all remedies available to it under the Program Requirements, including executed documents, or otherwise available to it at law. These remedies include, but are not limited to:

- i. cancellation of an Application,
- ii. revocation or modification of an Allocation Credit or other award of Department resources,
- iii. debarment of person or entity from accessing Department Programs,
- iv. recoupment of allocated or disbursed resources,
- v. specific enforcement,
- vi. actions for general, specific or punitive damages,
- vii. appointment of a Project receiver,
- viii. foreclosure of secured interests or otherwise.

Furthermore, the Department may, and specifically reserves the right to, modify, waive, or postpone any created restrictive covenants or equitable servitudes with respect to the Project or any part thereof.

Nothing in the Program Requirements is intended, or shall be construed, to create a duty or obligation of the Department to enforce any term or provision of the Program Requirements or exercise any remedy on behalf of, at the request of, or for the benefit of, any former, present, or prospective resident. The Department assumes no direct or indirect obligation or liability to any former, present, or prospective resident for violations by the Applicant, Owner or any other Program participant.

F. EFFECTIVE DATE

This Qualified Application Plan shall be effective upon its approval and execution by the Governor.

VIII. GENERAL GLOSSARY OF TERMS

Allocation Agency:	State Housing Credit Agency (aka Housing Finance Agency)
Allocation Criteria:	These are the standards by which the Department will competitively rank Projects in a NOFA funding round.
Allocation Authority Year:	The year in which the tax credit allocation begins its two (2) year allocation period.
Annual Tax Credit Allocation:	The amount of annual tax credit allocation for a Project. The credit is available annually to the sponsor for a period of ten (10) years. The amount of credit cannot exceed what the Department deems necessary for the Project's financial feasibility, or the amount the Project is eligible to receive.
Application or Request:	This means the NOFA Application and all required Exhibits and Forms, if any, submitted by an Applicant for a Project.
Applicant:	This means the party that submits an Application to the Department for a Credit reservation including its successors in interest.
Award:	This is a stage when a reservation is funded after meeting all conditions of the Reservation Letter. Projects that convert to an award will be offered an allocation at the end of the year in which the allocation of credits belongs.
Carryover:	The process whereby an allocation recipient can request an extension of its Placed in Service requirements for one (1) year.
Carryover Allocation:	The amount of tax credits approved for carryover.
Code or IRC:	These are the rules and regulations of Section 42 of the Internal Revenue Code.

Compliance Period:	This is the period of fifteen (15) taxable years beginning with the first year of a building's ten (10) year "credit period." In addition, each building must have an extended low-income housing commitment which requires, at a minimum, a fifteen (15) year extended use period that begins on the first day of the compliance period and ends fifteen (15) years after the close of the compliance period.
Construction Closing:	Typically, this is the stage in the funding process when all conditions of the Reservation Letter are satisfied and the Project is ready to commence construction.
Credit Period:	The period of ten (10) taxable years beginning with the taxable year in which the building is placed-in-service or, at the election of the sponsor, the succeeding taxable year, but only if the building is a qualified low-income building at the close of the first year of the period. The credit period for the acquisition of an existing building may not begin until the first year of the credit period for the rehabilitation expenditures for that building.
Department:	The section of Oregon Housing and Community Services that is responsible for the funding and administration of the LIHTC, Home and related affordable housing Programs.
Development Team:	This means the Applicant, the developer, the Project management consultant, the general contractor and includes all persons or organizations materially involved in the acquisition, construction, rehabilitation, development, or improvement of the Project.
Equity Closing:	Typically, this is the stage in the funding process when all the conditions of the Reservation Letter are satisfied and the Partnership Agreement is completed.
Federally Subsidized Building:	A building is federally subsidized if it is financed by federal tax-exempt bonds or federal grants.
Geographic Regions:	These are the three (3) areas of the state (Metro, non-Metro HUD HOME Participating Jurisdictions, Balance of State) that are grouped for the purpose of identifying needs and allocating funds to Projects through the NOFA Process.
Identity of Interests:	Identity of Interest means a financial, familial, or business relationship that permits less than arm's length transactions. For example: Related Parties; persons, entities, or organizations Affiliated With or Controlled By or In

Control Of another; existence of a reimbursement program or exchange of funds; common financial interests; common officers, directors, stockholders, or managers; or family relationships between officers, directors, or stockholders.

LIHTC: Low Income Housing Tax Credits (aka LIHTC, LIHC or Tax Credits).

NOFA: The Notice of Funding Availability (NOFA) is a uniform set of requirements for sponsors to apply and compete for Program funds in a specific funding cycle.

NOFA Funds: The collective name of the amounts of tax credits, grants or loans requested in a NOFA from various Programs to finance a Project.

Noncompliance: Noncompliance means a failure to meet any covenant, condition or term of any agreement between the Applicant or Project owner (including their officers, employees, agents, and assignees) and the Department, a failure to meet the requirements of IRC Section 42 of the Code, or failure to meet any other Program requirements from which a Project received funding.

Oregon Administrative Rules

(OARs): The OARs are the principles by which the Department administers the LIHTC Program that are approved from time to time through the State Administrative rule process.

Placed-In-Service: This is the date for a new or existing building on which the building is ready and available for its specifically-assigned function. This is usually the date the first unit in the building is certified as being suitable for occupancy under state or local law. Substantial rehabilitation expenditures are treated as Placed-In-Service at the close of any twenty-four (24) month period over which the expenditures are aggregated, or a shorter timeline when appropriate.

Principal(s): This means: (1) with respect to a Project owned by a partnership, the partners; (2) with respect to a Project owned by a limited liability company, the members and managers; and (3) with respect to a closely-held corporation, the shareholders.

Program Funds:	The amount of grant funds or tax credit allocation identified in a specific Program to finance a Project or Projects.
Program(s):	A Program is a specific source of state or federal funds subject to a set of required codes or statutes that provide a methodology to award funds to the public for the development of affordable housing Projects.
Program Limits:	These are the financial limits set by regulation and the Department on the amount of debt service, LIHTCs, loan amounts, construction contingency, developer fee, eligible basis, contractor's profit and overhead, and basis boost allowed per Project in the LIHTC Program.
Program Requirements:	All terms, conditions, covenants, or other obligations of a Requestor or Owner (including through their officers, employees, contractors, agents, and assignees) with respect to a Program from which funding is sought or provided with respect to a Project, including as contained in relevant statutes, regulations, administrative rules, manuals, codes, Department directives, policies, applicable documents, or otherwise.
Project:	A low-income multifamily housing development for which funding, in whole or in part, is sought from or obtained from the Department, normally including related land and amenities.
Project Need Severity:	This is the need for a Project in a community as measured by evaluating the affordable housing gap in the county or city, the rate of population growth in the county comparison to the state, the age of the rental housing in the county, the rate of severe rent burden in the county or city in comparison to the state.
Qualified Allocation Plan (QAP):	The plan, required by IRC Section 42 Code, signed by the Governor, which establishes the process and policies by which the Department will allocate Tax Credits to qualified Projects.
Qualified Nonprofit Organization:	This is an organization described in IRC Section 501(c)(3) or 501(c)(4) that is exempt from federal income tax under IRC Section 501(a) if OHCS determines the organization is not affiliated with or controlled by a for profit organization and an exempt purpose of such organization includes fostering low-income housing.

Related Entity/Person:	These include, but are not limited to: (1) members of a family; (2) a fiduciary and either a grantor or a beneficiary of a trust; (3) a party and a federally tax-exempt organization that the party, or members of the party's family, controls; (4) a party and either a corporation or a partnership in which the party has more than a fifty percent (50%) interest; (5) two (2) business entities, either corporations or partnerships, where a party has more than a fifty percent (50%) interest in each; (6) two (2) corporations that are members of the same controlled group; and (7) two (2) parties engaged in trades or businesses under common control.
Requestor:	The sponsor, organization or entity that applies for funding for a Project from the Department.
Reservation Letter:	When a Project is selected to receive a reservation of Program Funds, the award is documented in a Reservation Letter aka the “Reservation”. The Reservation Letter is a form of conditional commitment whereby the state agrees to fund an award when a sponsor has completed all the requirements listed in the Reservation Letter.
Reservation and Extended Use Agreement (REUA):	This is a legal agreement that contains the terms and conditions of the obligatory period of affordability and chosen rent and income levels, which are incorporated by reference into the recorded Declaration of Land Use Restrictive Covenants. The LIHTC Declaration is recorded after project completion.
Reservation Period:	The maximum time frame allowed for fulfilling all the terms and conditions of the Reservation Letter.
Regulatory Agreement:	This is any and all agreements establishing Project operating obligations and standards including, but not limited to, restrictive covenants and equitable servitudes. It is commonly called a “Declaration” or “LURA” (Land Use Restrictive Agreement).
Underserved Area:	This is a Region, county, city whose existing affordable housing are identified as underfunded relative to its affordable housing need
Visitability:	This means that a Project is able to be approached, entered and used by individuals with mobility impairments including, but not limited to, individuals using wheelchairs.

IX. APPENDICES

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APPENDIX A:

ARCHITECTURAL STANDARDS

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INTRODUCTION

The Architectural Design, Construction and Inspection Guidelines (ADCIG) and the Building Enclosure Rehab Guide (BERG) are OHCS minimum quality standards (MQS) on all projects receiving funding from OHCS. They are being provided as an aid for owners/developers, architects and contractors for the design and construction of quality affordable housing. OHCS will use these guidelines to evaluate the plans, specifications and other relevant data of the proposed housing development, including new construction, and rehabilitation of existing buildings. We encourage users to exceed these minimum requirements whenever possible, making projects more functional and extending their longevity. By increasing items such as the building's energy efficiency, utilizing environmentally friendly materials, and insuring projects are more cost effective to construct and operate, the owner/developer, taxpayer and the end-user all benefit.

OHCS's design review will be based in-part on the following broad policy objectives:

- Compliance with the MQS to the greatest extent feasible per the scope of work, funding sources and Capital Needs Assessment.
- The quality of the building(s) and other improvements must be consistent with the underwriting and program requirements.

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- The project must comply with all local, state, and federal codes or regulations (including any applicable lead-based paint, mold, and asbestos regulations and any other OHCS requirement).
- The development must be consistent with the demands of the marketplace.
- The design and construction must be consistent with recognized standards and accepted practices in the construction industry.
- OHCS reserves the right to object to any proposed building system or material selection.

The MQS are subject to change and modification. This version supersedes and replaces any prior versions. OHCS will also evaluate certain aspects of the Guidelines that may require modification in order to meet the unique site, design or use of the development. In this event, OHCS will consider modification requests on a case by case basis.

CODES AND REGULATIONS

The project will comply with applicable zoning ordinances (including variances or amendments), these guidelines and building codes. The project will obtain all necessary building permits and required inspections to obtain a certificate of occupancy for new construction, or a final approval for rehabilitation projects.

The **ADCIG** applies to all buildings owned or financed in whole or in part by the Department except Bond projects.

If there is a conflict between the requirements of the applicable codes and/or the ADCIG, the most stringent requirement will prevail. If there are any questions regarding the codes, the owner/developer or the project architect will consult with OHCS to determine whether the proposed development would be subject to such requirements. During the construction process, owners/developers and/or architects will be asked to certify compliance with applicable regulations. OHCS or its representatives will check for compliance with standards set forth by federal, state and local regulations.

The most current applicable version of the following codes and regulations will be used in preparation of the drawings and specifications:

Oregon State Codes

- Oregon Structural Specialty code (OSSC)
- Oregon Plumbing Specialty Code (OPSC)
- Oregon Mechanical Specialty Code (OMSC)
- Oregon Energy Efficiency Specialty Code (OEESC)
- Manufactured Dwelling Installation Specialty Code (MDISC)
- Oregon Reach Code (ORC)

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Oregon Solar Installation Specialty Code (OSISC)

Oregon Fire Code (OFC)

Visitability:

Oregon policy, as enacted by ORS 456.510 and 456.513, "encourages the design and construction of dwellings that enable easy access by individuals with mobility impairments and allow continued use by aging occupants".

Exceptions:

- Rehab projects except newly constructed spaces.
- Projects receiving funding only from Department bond financing and/or noncompetitive tax credits; or
- Work force housing defined in ORS 315.163 located on a farm
- Farmworker housing on a farm.

For a complete explanation of these requirements, refer Oregon Administrative Rule Division 310; OAR 813-310-0005 to 803-310-0110.

http://arcweb.sos.state.or.us/pages/rules/oars_800/oar_813/813_310.html

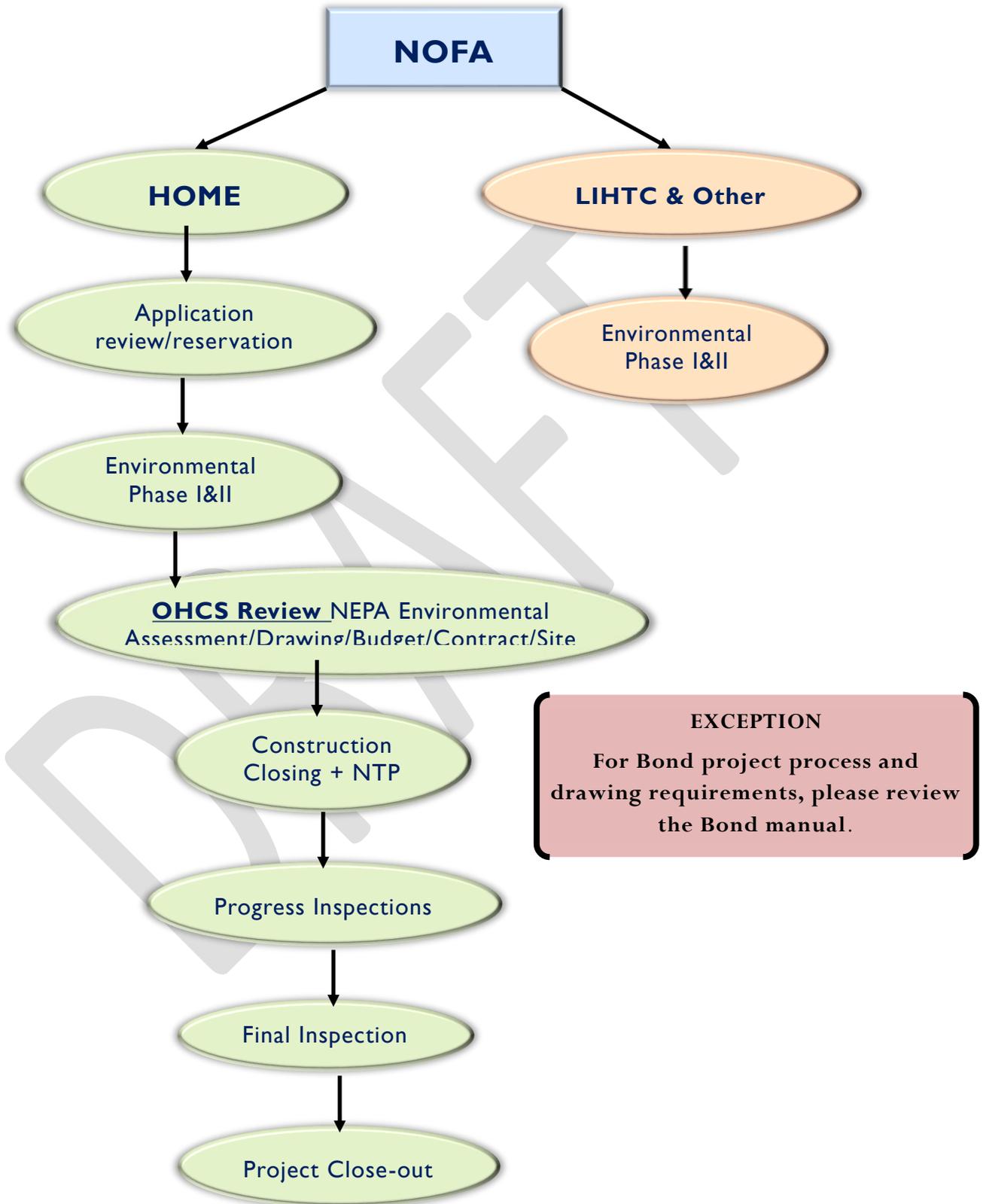
National Codes

- National Fire Protection Association (NFPA) - standards referenced in our state's statutes and regulations
- ICC/ANSI A117.1
- **Fair Housing Act** applies to all new multi-family housing consisting of four or more dwelling units built for first occupancy after March 13, 1991. The Architect of Record will be required to survey the entire project and certify compliance with the Fair Housing Act for those buildings built for first occupancy after March 13, 1991 and buildings where the last building permit or renewal thereof was issued after June 15, 1990 before any new addition or alteration to those buildings will be approved by OHCS
- **Section 504 of the Rehabilitation Act of 1973 (29 U.S.C 794)** applies to recipients of federal financial assistance.
- **Uniform Physical Condition Standards (UPCS)** by U.S. Department of Housing and Urban Development (HUD) applies to recipients of HOME financial assistance
- **Oregon Department of Transportation Standards for Accessible Parking:**
http://www.oregon.gov/odot/hwy/traffic-roadway/docs/pdf/standards_for_accessible_parking_places.pdf
- **Disaster mitigation standards**, in accordance with State and local requirements or as established by HUD, where they are needed to mitigate the risk of potential disasters (such as earthquakes, hurricanes, flooding, and wildfires) (Electronic Code Of Federal Regulations).
- **Asbestos Containing Materials:** All federally-assisted projects must comply with EPA 40 CFR 61.145 and all other HUD, EPA regulations.

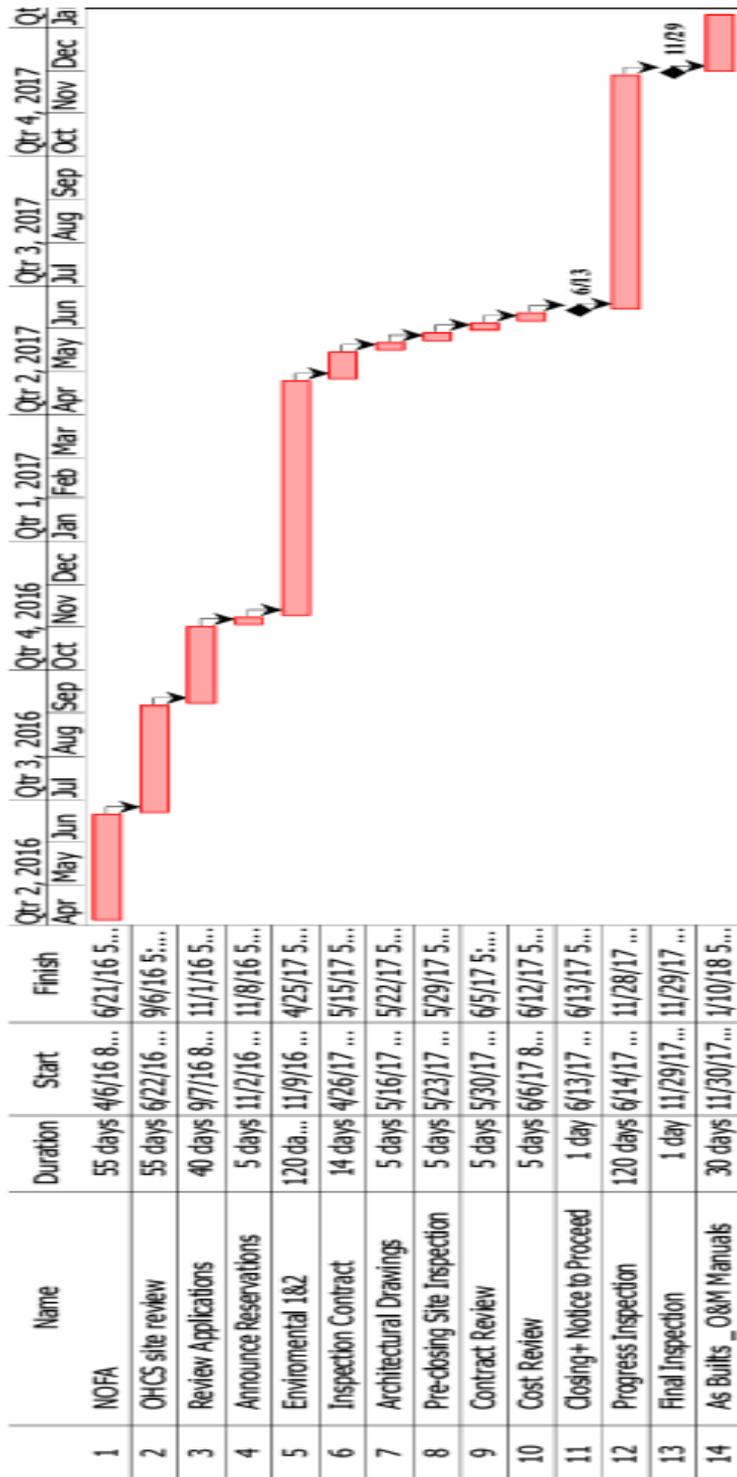
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- **Radon:** All federally-assisted projects must comply with the EPA's radon guidelines. <http://www.epa.gov/radon/index.html>
- **EPA Mold and Moisture Guidelines:** <http://www.epa.gov/mold/>
- **Federal manufactured home construction and safety standard** - A reasonable standard for the construction, design, and performance of a manufactured home which meets the needs of the public including the need for quality, durability, and safety.
- **Federal Davis-Bacon Prevailing Wage** requirements will apply were applicable
- **CPSC Public Playground Safety Handbook:** <http://www.cpsc.gov/PageFiles/122149/325.pdf>
- **USDA Rural Development:** <http://www.rd.usda.gov/or>
- **Fannie May Physical Needs Assessment Guidance to the Property Evaluator:** <https://www.us-hc.com/images/pdfs/4099.pdf>
- **HUD Rehab Guide:** <http://www.huduser.org/portal/publications/destech/rehabgds.html>
- **Lead Based Paint Hazards.** The Project will comply with the applicable lead based paint regulations. All federally-assisted projects having units constructed before 1978 must comply with Title X of the Housing and Community Redevelopment Act of 1992 regulations found in 24 CFR Part 35 dated September 15, 1999. In addition all properties and/or units must comply with the Environmental Protection Agency, final rule developed under the Toxic Substances and Control Act specifically 40 CFR Part 745, as it relates to the Lead Renovation, Repair, and Painting Program.

OHCS Project Flow Chart



Sample Project Schedule



EXCEPTION
 For Bond project process and drawing requirements, please review the Bond manual.

DESIGN PHASE

Design Review Process

Once OHCS has issued a reservation letter for the project, the owner/developer will begin submitting construction documents, including completed project drawings and specifications to OHCS for review. This review and approval must be completed prior to the project construction closing or construction start. **The project cannot close or begin construction until OHCS issues a “Notice to Proceed”.**

EXCEPTION

For **Bond Design Review** process and drawing requirements, please review the Bond manual.

Design and Planning section here applies to **Bond Projects**.

Any major modifications to the project after approval and before construction closing must be approved by OHCS. Provide a list of these modifications and relevant documents for review. Before construction begins a complete set of “For Construction” drawings and specifications will be submitted to OHCS. This set will incorporate all changes required by the municipal authorities, all applicable comments made by OHCS; all approved “value engineering” changes and any applicable comments made by other governmental agencies.

OHCS’s acceptance of plans and specifications is limited to OHCS review and will not constitute a general approval of the development. The review of the plans and specifications is solely for the benefit of OHCS and not that of any other party. Subsequent modifications to the plans and specifications after OHCS’s acceptance must be approved by OHCS. Further, such acceptance will not constitute a waiver of OHCS rights against those responsible for any error or omission or unauthorized changes.

The completed project drawings must include the following:

1. **Context photos** showing the property and adjacent properties. Indicate on the vicinity map where the photographs were taken. If the site varies in slope, submit photographs showing the extent and nature of the sloped areas. If photocopy photos are taken, include original photos in the original application and copied photos in the application copies.
2. **Drawings**
 - a. **Civil Engineering Drawings**, including, but not limited to:

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- i. Location map - indicating the location of the site and amenities important to the residents such as groceries, schools, parks, activities on adjacent properties (e.g. single family dwellings, commercial retail etc.), and public transportation.
 - ii. Site erosion plan, site utilities plan, site grading plan and site drainage plan.
 - iii. Site parking plan, pavement details, curbs details, curb ramp details, sidewalk details.
 - iv. Topographical survey.
 - v. Flood plain information.
 - vi. Other necessary details such as dumpsters, mechanical and electrical equipment such as transformers.
 - vii. Trash holding areas.
 - i. Identify all known, recorded or observed easements and encroachments, property boundaries, and identify all adjacent land uses.
- b. **Landscape Drawings** including but not limited to:
- i. Planting plan
 - ii. Irrigation plan
 - iii. Details and Schedules
- c. **Architectural Drawings**, including, but not limited to:
- i. Site plan including project date, building and zoning code information and parking data, table indicating unit mix, common areas, common area square footages apartment unit types (A or B) and sizes, building square footage, parking layouts
 - ii. Floor plans - show typical furniture layout for each space.
 - iii. Building elevations.
 - iv. Interior elevations.
 - v. Wall sections.
 - vi. Stair details, kitchen details, bathroom details, exterior door, windows installations details, balcony/patio attachment details, wall and roof penetration details etc.
 - vii. Door schedules, room finish schedules.
 - viii. Large scale drawings of the typical apartments, large scale drawings of the common areas, accessibility compliance.
- d. **Mechanical Drawings** including, but not limited to:
- i. Duct layouts.
 - ii. Location of the HVAC equipment, piping layouts.
 - iii. Equipment schedules.
- e. Complete **Plumbing Drawings**, including, but not limited to:
- i. Location and size of incoming water service, hot and cold-water distribution piping.
 - ii. Storm water drainage piping, sanitary sewer piping.
 - iii. Plumbing fixture and equipment schedules.
- f. Complete **Electrical Drawings** including, but not limited to:
- i. Location and height of all switches and outlets.
 - ii. Location of all lighting fixtures.
 - iii. Location and heights of all electrical panels,
 - iv. Large scale floor plan of the electrical equipment room.

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- v. Location of all exit and emergency lighting, location of all fire alarm audio visual devices, location of all pull stations.
- vi. Site lighting plan.
- g. Complete **Structural Engineering Drawings** including, but not limited:
 - i. Foundation plan, footing and pier schedules, foundation and footing sections.
 - ii. Floor framing plans, roof framing plan, structural steel sizes and layout.
 - iii. A certification statement prepared by the “Architect of Record” or Structural Engineer, attesting to the fact that the structural drawings meet the seismic design, snow loads, wind loads and other applicable disaster mitigation requirements for the region it is built in.
2. **Green Development Plan** outlining the design approach used for this development.
3. **Project specifications and design manual** outlining the necessary material, installation and other requirements to complete the scope of work for the successful construction of the project.
4. **Soils boring** (geotechnical) report describing the subsurface exploration and geotechnical recommendations for the site
5. **Project Budget** – Complete Project budget including construction cost and soft costs.
6. **Contracts** – All contracts between Sponsor and contractors.
7. **Phase I Environmental Assessment**. This assessment must include, but not be limited to, the following considerations.
 - Adjoining land use and zoning.
 - Soil conditions.
 - Slope conditions as related to soil erosion, parking, walks, drives, etc.
 - Storm water drainage.
 - Noise considerations.
 - Site plan showing all major site features, buildings, roads, walks, utilities, etc.
 - Flood plain information
 - Wetland information
 - Mining information
 - Seismic information
 - Endangered Species
8. **Rehabilitation Projects**

If the project consists of any existing structures, a Capital Needs Assessment (CNA) less than 18 months old, must be submitted at the time of application. OHCS may require an update at the time of reservation of funds for the project. The CNA must be prepared by an independent third party Construction Design professional as defined in ORS 031.300 subsection (1) or a Licensed Home Inspector as defined in ORS 701.350, to perform the property inspections and prepare the Rehabilitative Assessment. Additional support services including construction cost estimates, roof inspections, Pest & Dry Rot inspections, structural assessments, etc. can be provided by general contractors, roofing contractors, Pest & Dry Rot inspectors** and licensed engineers (structural, mechanical

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and/or civil). **Pest & Dry Rot Inspectors should have an Oregon Department of Agriculture (ODA Lic#) and/or a Pest Control Operator (PCO Lic#) printed on the cover or first page of their inspection report.

The CNA will evaluate the current condition of 100% of all units and include a cost estimate for any critical, 2 year and long term repairs. The CNA must identify:

- If building was built before 1992, provide and Energy Audit performed by a qualified Energy consultant.
- Roof Inspection report
- Pest and Dry Rot inspection report
- Deferred maintenance and physical needs in an A-F rating system.
- Critical repair items:
 - All health and safety deficiencies or violations of Uniform Physical Condition Standards, requiring immediate remediation.
- Two (2) -year physical needs:
 - Repairs, replacement and significant deferred maintenance items that need addressing within twenty-four (24) months of the date of the report.
- Any necessary redesign of the Project and market amenities needed to restore the property to a reasonable standard of livability. Comply with UPCS (Uniform Physical Conditions standard).
- Repairs in the development budget that are to be funded with construction-period funding sources.
- Long term physical needs:
 - Repairs and replacements beyond the first two (2) years that are required to maintain the Project's physical integrity over the next thirty (30) years, such as major structural systems that will need replacement during that period. These repairs are to be funded from the Replacement Reserves Account.

The Department will require that actual expenditures be sufficient to complete all the recommend improvements in the CNA, or a minimum of \$30,000 per rental unit

Design and Planning

The following guidelines are being provided as an aid in the development and design process. These requirements represent the minimum standards as required by OHCS. In addition to the previously mentioned Codes and Regulations, the construction must also be consistent with recognized standards and accepted practices in the construction industry. As these Projects will sustain affordable housing over the affordability period, OHCS encourages the incorporation of innovation and cost effectiveness whenever possible. OHCS recommends careful consideration of the material selection for the project, as long lasting and durable materials that will minimize unnecessary maintenance and replacement are preferred.

Project Sign

Provide a project sign located prominently at the site that is installed prior to construction and maintained for the duration of the construction contract. The sign must include the name and logo of Oregon Housing and Community Service and HOME funds under HUD. The type size will be no smaller than the other funders listed.

Site and Parking

- When possible locate site within ¼ mile of at least two, or ½ mile of at least four community and retail facilities. Eg. Schools, parks, grocery stores etc.
- Landscape irrigation to use at least 95% recycled water.
- Finished grade at the exterior perimeter of the building will be not less than 4-inches below the top of the exterior face of the foundation wall and slope away from the building at a slope of 5% for a minimum of 10-feet measured perpendicular to the wall.
- All storm water from roofs and gutters must be piped away from buildings. Storm water discharge and disposal must be acceptable to the local authorities and the Environmental Protection Agency.
- Outdoor stairs and their approaches will be designed so that water will not accumulate on walking surfaces.
- No sidewalks may exceed a 2% cross slope regardless of location. The slope of all handicap parking spaces and access aisles cannot exceed 2% in any direction.
- Use 50% or more water-permeable materials when adding or replacing walkways, parking areas.
- Accessible sidewalks must allow for a 2 foot vehicle overhang and still maintain a 4 foot clear path of travel. Parking bumpers may be used to prevent vehicle overhangs from blocking sidewalks.
- All site amenities, including dumpsters, must have either designated handicap parking spaces or be served by an accessible route.
- Refuse collection stations must be screened with permanent enclosures. Provide a hose bib at enclosure. The dumpster slab should be sloped 2% to allow water to drain. Provide pipe bollards at gates
- Avoid pathways that pass through other residents' outdoor space or within ten (10) feet of ground floor dwelling unit windows.
- Locate the buildings, when possible, so unit front entries are visible from the street or the parking area used by visitors and emergency vehicles.
- If family housing, provide one (1) or more on-site play areas for children under six (6) years old that are visible from as many dwelling units as possible. Avoid locations that require children to cross parking lots and/or driveways to reach play areas. Provide places for adults to sit near these play areas.
- All disturbed areas must be planted or otherwise stabilized at the completion of construction.
- New trees and plants selection should be at least 50 percent native species. Do not include any invasive species

Privacy

- Organize buildings and units so that unit fronts face unit fronts and unit backs face unit backs, to increase the opportunity for useful common space and for privacy of bedrooms.
- Provide privacy between individual yards or patios with screens of fencing and landscape, or landscaping. Use plants to reinforce the separation of individual private outdoor spaces from community areas, to buffer cars from community outdoor space, to buffer noise, and to prevent soil erosion.
- Minimize views from upper windows and balconies of one (1) unit into the outdoor space or windows of another unit.
- Provide each unit with its' own entry path. Avoid shared entry pathways where the residents of one (1) unit must walk across the welcome mat of their neighbors

Building Exteriors

- Refer BERG manual for construction details and OHCS guidelines
- Regions with annual average rainfall over 20 inches shall be provided with a full rainscreen with wood furring at the exterior wall. Regions with average annual rainfall less than 20 inches will use drainage wrap with 90% drainage efficiency under ASTM E 2273.
- Minimize the use of stairs on sloped sites between parking and unit entries. Use the topography wherever possible to gain level entry at different floors.
- Use exterior materials that are compatible with the project's context and have an excellent track record for performance under a variety of weather and use conditions. Acceptable siding materials include wood, cement fiber or vinyl lap siding, wood or cement fiber panel siding with battens applied horizontally and/or vertically, brick or concrete masonry units.
- Use materials other than Stucco and Synthetic stucco (EIFS) products as they are not approved for OHCS funded projects.
- All apartment signage/numbering, along with common areas must have Braille and meet accessibility mounting requirements.
- Limit roof penetrations. When possible limit to surfaces away from public view.
- Use roof materials with 40 year or higher warranty.
- Screen mechanical equipment from public view.
- Insulate 100% of attic and crawl space to meet or exceed current applicable code requirements.
- When used blow in fibrous insulation or sprayed-in-place insulation must fill cavity and touch all six surfaces.

Balcony

- OHCS prefers no balconies be provided in OHCS projects
- Prominently display maximum occupant load limits on balconies across from the door that is easily visible when entering the balcony. Add warning against dangers of uneven loading near railing and high impact activities on balcony.

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- Ledger must be secured with through bolts in staggered bolt pattern to the floor/band joist. Engineer to confirm rim joist/band is properly secured to floor joists with sufficient strength to handle the balcony loads. Ledger size and through bolt to be specified by licensed structural engineer with redundancy in design capacity for uneven/cantilevered loading near the railing
- Ledger flashing and attachment must be approved by licensed inspector/ architect/ structural engineer prior to proceeding with balcony construction.
- Slope balcony floor 2% to drain away from the building. Impervious must have a continuous moisture barrier that ties into the envelope moisture barrier
- Balconies must be inspected annually for dry rot, integrity of connections, water intrusions or any other defect which could cause failure. All such defects must be documented and remedied immediately by owner.

Apartment Units

- Design common living spaces (kitchen, dining area and living room) to accommodate the maximum number of people who might reside in the unit. (i.e., a dining area in a three (3) bedroom unit needs to be larger than the dining area in a two (2) bedroom unit). **Show typical furniture layout.**
- Design kitchens in three (3) bedroom units to accommodate more than one (1) person in the space at the same time.
- Configure bedroom windows, doors, and heat sources so residents can furnish every bedroom with two (2) twin beds. **Show typical furniture layout.**
- Design circulation through the unit to be as efficient as possible, incorporating it into living spaces, wherever possible, without diminishing furnishability and use of rooms. (An easily furnished room is one with uninterrupted walls and at least two (2) corners and ideally three (3) corners). **Show typical furniture layout.**
- Provide a circulation path between bedrooms and bathrooms that does not pass through the common living area or other bedrooms. Bathrooms will not be accessed directly from common living areas. Exceptions are studio or SRO units. Circulation to the bathroom in one (1)-bedroom units may skirt the common space as long as the ability to furnish is not compromised. **Show typical furniture layout.**
- Provide an acoustically controlled environment relative to exterior noise as well as noise from adjacent units and public spaces. Construct walls between apartments with staggered studs and sound attenuating insulation or resilient channels with sound attenuating insulation to minimize structure borne and airborne transmission of sound. Provide resilient channels with sound attenuating insulation ceilings between apartments.
- The minimum ceiling height in all habitable rooms will be 7 feet 6 inches; Soffits may be dropped to 7 feet A.F.F. if soffit area does not exceed 20% of room area.
- There must be a minimum of 3/4" air space under all interior doors for air circulation.
- All appliances must be energy star rated.
- Exterior doors for fully accessible units (Type A) must have spring hinges.
- Use vertical Vinyl window blinds at all windows.

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- Insulated vinyl windows with a U-Factor of 0.32 or below and a SHGC of 0.40 or below are required for all new construction projects or when replacing windows in renovation projects. Windows must be installed per manufacturer's specifications.
- Use materials that do not emit urea-formaldehyde or other harmful gases.
- Use low or no VOC paints.

Bathrooms

- Provide a minimum of (1.5) bathrooms in three (3) bedroom units. Provide two (2) full baths in four (4) bedroom units. In either case above, at least one (1) bathroom will have a tub.
- Provide no more than one (1) full bathroom in two (2)-bedroom flats unless an exemption has been obtained from OHCS. Exemptions will be granted when OHCS determines the additional bath is required for the target population(s). OHCS will consider specific exemptions on a unit-by-unit basis when a "Request for Exemption from Requirements" is submitted.
- In new townhouses provide a half bath on the lower floor with reinforced walls for accessibility complaint handrail installation.
- Prefabricated shower and/or bathtub units will be provided with factory installed integral reinforcing, cast into the grab bar compliant locations of the unit walls.
- All ceilings and walls in all full bathrooms and laundry rooms must utilize mold and water resistant drywall with epoxy paint where not tiled or covered with shower/tub unit. Use cement board under tiles and wet areas.
- All full bathrooms must have an overhead ceiling light and also a vanity light centered over the sink. Exhaust fan must be wired to the overhead light fixture. Vanity lights must be on a separate switch.

Kitchens

- A pantry cabinet or closet (with 24" minimum door size) in or near each kitchen must be provided in 1, 2 and 3 bedroom apartments.
- Walls behind or directly beside ranges must be covered with a splash panel.
- Roll-under work stations must be installed beside ranges.
- Anti-tip devices must be installed under all kitchen ranges and refrigerators and be securely fastened to the floor/wall.
- All residential units must have either a dry chemical fire extinguisher mounted and readily visible and accessible in every kitchen, or a fire suppression canister mounted under each range hood.
- Removable fronts are acceptable on accessible sink bases and work stations as long as the floor is finished underneath, the rear wall under the knee space is finished, and there are finished side panels on each side of the knee space. Insulate the exposed pipes under the sink. Removal of fronts must be simple and require no plumbing work.
- "Type A" units - Must have a side by side refrigerator or one with a bottom freezer compartment. The refrigerator doors must be able to swing to allow storage bins to open.

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- At least one lowered kitchen wall cabinet must be installed at 48” maximum AFF over the work station. The kitchen sinks must be rear-draining. A 60” clear floor space must be in the usable part of the kitchen.
- In all elderly and Type A units switches must be at accessible locations and may not be installed under work stations.

Laundry

- At a minimum, provide a washer and dryer hookups in family housing
- Provide convenient and accessible laundry rooms in projects without furnished washers and dryers in the units.
- Laundry room closets must be 36” minimum depth measured from back wall to back of laundry room door in the closed position. Must have required clear floor space at each appliance.

Storage

- Provide in unit and additional storage.
- Include the following minimums: Provide a coat closet near front door.
- All bedroom closets, interior storage rooms/coat closets and laundry rooms/closets must have a 4” tall by 8” wide minimum pass-thru grille above doors for air circulation.
- Provide linen storage near bedrooms and bathrooms. This can be accomplished with closet space or with built-in cabinets/shelves in the bathroom or laundry
- Walk-in closets (36” or deeper from wall to back of closet door) must have a switched overhead light.

Elevators

- Provide elevators in buildings of three (3) or more stories.
- Provide elevators in buildings of two (2) stories that serve the elderly and/or disabled where units are evenly distributed between floors. "Townhouse over flat" designs totaling three (3) stories need not provide elevators. Three (3) story garden style buildings with twelve (12) or fewer units per building do not need an elevator if they do not require accessibility for tenants with mobility impairments to the upper floors.

Space size guidelines

Design dwelling units large enough to accommodate the intended population. The following table shows the guidelines for minimum floor areas required and maximum floor areas.

Room sizes: All unit living rooms (excluding Studio) will contain a minimum of 150 SF and have a minimum of 10 feet in any horizontal dimension. All other habitable rooms will have a minimum size of 100 SF (excluding closets) with a minimum 9 feet in any horizontal dimension. **See Appendix A-1 for area calculation guidelines**

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Unit Type	Min. Reqd. Unit Floor Area (Sq. Ft.)	Max. Allowable Unit Floor Area (Sq. Ft.)	
		Other	Townhouses and Accessible Units
SRO	175		
Studio	350		
1 Bed/ 1 Bath	600	690	740
2 Bed/ 1 Bath	800	900	950
3 Bed/2 Bath	1,000	1,200	1,250
4 Bed/2 Bath	1,250	1,400	1,450
ALF/RCF Studio	300		
ALF/RCF 1 Bed	450		

If Project doesn't meet the guidelines for the minimum and maximum floor areas, please provide explanation.

Finish guidelines

OHCS's preferred finishes

Area	Flooring choice	Upgraded choice
Kitchen, Dining Room (if part of kitchen space), Interior storage rooms/closets, Entry	Linoleum/Marmoleum	Ceramic Tile
Living Room, Dining Room (if part of Living Room space)	Linoleum/Marmoleum with area rug/ wood laminate	Wood Floor
Bathroom	VCT	Ceramic tile
Bedroom	Linoleum/Marmoleum with area rug/ wood laminate	Wood Floor
Exterior storage/ mechanical/ electrical rooms	Painted Concrete	Painted Concrete

HVAC

- HVAC air handlers must be enclosed from return air grille to blower motor/filter.
- Clothes dryer vent connections may not exceed 2" maximum A.F.F. in laundry rooms.
- Range hoods and bathroom exhaust fans must be vented to the exterior with hard duct.
- Upon project completion, major systems must have a useful life of at least ten years.

Plumbing

- All faucets, shower heads and toilets must be water-conserving fixtures with the following minimum specifications will be used:
 - toilets-1.6 GPF,

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- urinals - 0.5 GPF,
- kitchen faucets and shower heads - 2.0 GPM,
- bathroom faucets - 1.5 GPM.

Follow these specifications in rehabs whenever fixtures are replaced.

- Hub/floor drains must be piped to the outside or piped to sanitary sewer with mandatory primed p-trap.
- Offset toilet flanges are prohibited for use under toilets.
- On renovation, rehabilitation or preservation projects, replacement of the lead pipe incoming water service is required.
- Specify easily available locally stocked fixtures as much as possible

Electrical

- If using ceiling fans with light kits, the fan and light kit must have separate switches.
- Overhead lighting, ceiling fans, telephone and cable jacks required in all bedrooms and living rooms.
- The range receptacle must be mounted as to allow the range to fit flush against the kitchen wall.
- Use digital controls for zonal heating systems
- Electric water heaters must have an Energy Factor rating of at least 93% for electric and 61% for gas.
- Switches to be no higher than 48" AFF.
- Electrical panels in Type A and Type B units must be mounted at 48" maximum AFF to top breaker.
- In all Type A units an emergency pull station with visual/audible alarm is required in all bathrooms and master bedrooms.
- Specify Energy star labeled light fixtures or high efficiency commercial grade fixtures in common areas. Specify easily available locally stocked fixtures as much as possible.
- In existing units use compact florescent lamps in all units and common areas.

Green Building

One of the following Green Building Standards of construction must be included in the development of any low-income housing funded by OHCS with the exception of Projects funded exclusively with bond and/or 4% tax credits:

- Oregon Reach Codes
- Enterprise Green Communities,
- Earth Advantage Homes,
- LEED

Appendix A: Architectural Design, Construction and Inspection Guidelines

Requestors must comply with all the requirements of their selected Standards. Upon completion of the Project, the Requestor will be required to provide a Certification and appropriate documentation that the Project was completed according to the applicable Green Building Standards. OHCS reserves the right to rescind funding, including LIHTC and OAHTC allocations or other funding Disbursements, if applicable Green Building Standards are not timely satisfied.

Air Sealing - Blower Door Test

The building is required to be properly sealed, tested and verified as having an air leakage rate no higher than 5 ACH.

Duct Leakage Test

Ducts must be tested and verified to have a total leakage of no more than 4cfm/100 sq. ft. Exception: Where air handler and all ducts are inside the conditioned space no duct leakage test is required.



Green Building Independent 3rd Party Certification of Completion

Project Name: _____

Project Address/site: _____

Check (X) one of the options below that was chosen in the OHCS application:

- Option 1: Enterprise Green Communities Compliance Path
- Option 2: Earth Advantage Certification Path
- Option 3: LEED Certification Path
- Option 4: Oregon Reach Code

Independent 3rd Part Certifier:

I hereby certify that to the best of my knowledge and belief the green building activities performed on this project are consistent with the green building activities proposed in the funding application to OHCS and approved by the Oregon Housing Council. I hereby certify that such activities have been reviewed and have been found to be complete and in accordance with the requirements of the Green Building Program.

See attached:

- Blower door test results.
- Duct leakage test results.
- All mechanical equipment commissioning reports.(Air and Refrigerant Tests)
- Air handler effect (CAZ) testing results with doors open and closed. (Only in structures where combustion appliances are present).

Signature _____

Organization / Profession _____

License / Certification #: _____

****This certification can be completed by an independent third party architect, energy consultant, commissioning agent, engineer, HVAC Specialist (not completing the work), or community action agency weatherization representative depending on which green building path is chosen. E.g. The LEED certification process requires the independent third party professional certifying green building construction to be a LEED Commissioning Agent.**

A Combustion Appliance Zone, or CAZ Test (Combustion Appliance Safety)

A Combustion Appliance Zone, or CAZ any zone in the unit or attached space that contains a combustion appliance. Appliances with a properly installed combustion chamber sealed to the exterior of the structure are not considered combustion appliances for the purposes of the CAZ test. Forced-air system operation will not de-pressurize a Combustion appliance zone by more than 3 Pascals with reference to outside. *Pressure in the combustion zone cannot be lower than - 3 Pa. Carbon monoxide measurements of boilers and furnaces will be taken at steady-state burner operation.

Air Balancing Forced Air Systems(where applicable)

The total supply air flow rates and temperatures in each room tested using a flow hood with doors closed. The flow rates should match Manual J system sizing provided by the HVAC contractor.

Ventilation Make-up Air(Meets ASHRAE 62.2)

Conduct a flow rate test to determine if the system is performing as designed. Verify that the ventilation air flow rates tested by a qualified energy rater meet the requirements in ASHRAE Std. 62.2

Kitchen and Bath Fan Air Flow Test (Meets ASHRAE 62.2)

Documentation

Maintenance instructions will be furnished for equipment and systems that require preventative maintenance. A permanent certificate listing all energy efficiency material and equipment values will be posted on or in the electrical panel.

- Blower door test results.
- Duct leakage test results where applicable.
- Air handler effect (CAZ) testing results where applicable.(with doors open and closed) in all structures where combustion appliances are present.
- All mechanical equipment commissioning reports.(Air and Refrigerant Tests)

Manufactured Housing

Manufactured housing units for multi-family applications will only be allowed for up to one-story in height. The proposed manufacturer must have at least five-years' experience in manufacturing similar housing units. In addition, the installer/general contractor must have prior experience in setting and finishing Manufactured housing.

- The design, construction and installation of the Manufactured Homes must incorporate all applicable wind, live, dead, snow and seismic design loads including geotechnical characteristics based on the specific geographical site conditions. Oregon Manufactured Dwelling Specialty Code (OMDSC) OHCS requirements. new construction of manufactured housing (including reconstructed units that replace a substandard unit) must meet the Manufactured Home Construction and Safety Standards codified at 24 CFR part 3280 and at the time of project completion, be attached to permanent foundation and connected to permanent utility hook-ups and be located on land that is owned (or leased for a period at least as long as the affordability period) by the manufactured housing unit owner.
- Existing manufactured housing that is rehabilitated with HOME funds must meet the property standards applicable to rehabilitation, as outlined in §92.251(b).
- The minimum ceiling height in all habitable rooms will be 7-feet 6-inches.
- All exterior doors will have a 32-inch clear width measured from the face of the door to the opposing stop when the door is open at 90-degrees and a minimum height of 80-inches.
- All interior doors will have a nominal 32-inch clear width measured from the face of the door to the opposing stop when the door is open at 90-degrees and a minimum height of 80-inches.
- Living rooms will contain a minimum of 150 SF and a minimum dimension of 10-feet in any horizontal dimension. All other habitable rooms will have a minimum size of 100 SF not including closets and a minimum dimension of 9-feet in any horizontal dimension.
- Hallways will have a minimum horizontal dimension of 36 inches measured from the interior finished surface to the interior finished surface of the opposite wall.
- Smoke detectors will be hardwired with battery back-up.
- Carbon monoxide detectors will comply with the State of Oregon Carbon Monoxide Detector Act and will be hardwired.
- Use vertical vinyl window blinds at all windows

Elderly Housing

- Emergency pull chain alarms in master bedroom and full bathrooms. Must include strobe light and an audible alarm wired to exterior of apartment.
- Loop handles on all cabinets and drawers.
- Single lever faucets in all kitchens and baths.
- Remote switches for all range hoods. One switch for light, one switch for fan.
- All lever-handle door hardware.
- Maximum threshold height of 1/2" at all entry doors.
- Minimum hall width is 42".
- Minimum door size is 36".
- Offset controls on all tubs and showers.
- Blocking for grab bars at all toilets and tub/ shower units.
- Minimum 18" grab bar required opposite controls in all tubs/showers. Installed vertically at 48" above finished floor and offset towards front.
- Handrails mounted at 34" above finished floor on both sides of all common area corridors.
- Use vertical vinyl window blinds at all windows

CONSTRUCTION PHASE

Construction Closing Date or Start of Construction Date

The Requestor must give OHCS, design review documents listed in the ADCIG, a cost estimate, construction contract and a written notice of the scheduled Construction Closing at least thirty (30) days ahead. The design review drawings need to be submitted 60 days ahead for HOME projects. At least ten (10) days prior to the Construction Closing, but after the general contractor bids have been received, the Requestor must submit to OHCS the Project's final development budget, final sources of funds, and documentation to substantiate the final budget.

List of documents required at closing to receive OHCS Notice to Proceed:

- OHCS Site Review Checklist
- Environmental review with approval and Mitigation
- HUD release of funds
- Set of permitted construction documents.
- OHCS approved Construction Documents, Construction Contract, Budget and site inspection



Notice to Proceed

- Environmental (Phase I & II) review with approval and mitigation
- NEPA Environmental Review
- Environmental Report(s)
- Land Survey(s)
- Geotechnical Report(s)
- Capital Needs Assessment (if applicable)
- Pest & Dry Rot Report (if applicable)
- Construction Schedule
- Meeting and Payment Schedule
- Building Permits
- OHCS approved:
 - Construction Documents,
 - Construction Contract,
 - Budget
 - Site inspection.
 - Legal documents per GPGM
- HUD release of funds

OHCS authorizes this project to commence construction.

EXCEPTION
For **Bond Project construction**
process please review the Bond manual.

Pre-construction Meeting

The preconstruction conference is convened prior to the construction start. The sponsor, their architect and the general contractor must attend the meeting. In addition, the sponsor's and GC's representative responsible for completing and forwarding the various documents should be present.

The following items will be reviewed at the preconstruction meeting:

- Payout Procedures for both sponsor and GC.
- Wage Guidelines (Davis Bacon/BOLI if applicable).
- Change Order Process
- Lead Based Paint and Asbestos Containing Material Regulations.
- Requirement for window installation mock-up to be reviewed by OHCS. (Water penetration test preferable)

Change Orders

All change orders over \$10,000 will require approval by OHCS prior to proceeding with the change. The construction contingency will only be available to fund unforeseen construction costs and not to be used to fund soft costs, developer fees, up-grades and betterments, reserves or other costs OHCS deems ineligible at the time. When the project has been determined by OHCS Staff to be >75% complete and sufficient funds remain in the construction contingency, the owner/developer may seek reimbursement from the construction contingency for all new change orders (including up-grades or betterments) and previously paid change orders funded from any other source. Any request to use contingency funds in this instance must be submitted in writing to OHCS for its approval.

Construction Close Out

Prior to final project close out, several criteria must be met for OHCS to give their final approval.

- The building must be occupiable.
- The building must have a Certificate of Occupancy from the governing jurisdiction.
- Two copies of OHCS Certificate of Completion checklist, with all items completed must be submitted to OHCS Construction Field Representative showing hold back for punchlist items.
- The design architect will complete and forward the applicable UFAS checklist for the entire project prior to the G704 Architects Substantial Completion. Checklists can be found at: <http://www.hud.aov/offices/ftheo/librarv/UFASAccessibilityChecklistforPHAs-5-7-08.pdf>
- At final project close-out: Projects awarded funding based on scoring in any green category must submit the applicable 3rd party certification, green maintenance/tenant manual, and videos (if applicable).
- Maintenance instructions will be furnished for equipment and systems that require preventative maintenance. A permanent certificate listing all energy efficiency material and equipment values will be posted on or in the electrical panel.
- Blower door test results.

Appendix A: Architectural Design, Construction and Inspection Guidelines

- Duct leakage test results where applicable. Sprinkler certification, Fire Alarm certification and Smoke detector/Carbon monoxide certification by the local Fire Marshall.

INSPECTION CHECKLISTS

Kitchens

- Make sure the handicap Type A kitchens have at least 9’3” wall-to-wall space to allow for 5’ clear floor space.
- Make sure the range location has room for a work station beside it in Type A units.



Certificate of Completion

ITEM	RESPONSIBLE	DESCRIPTION OF ITEM	DATE
1	Contractor	Certificate of Occupancy by local Building Department	
2	Contractor	Acceptance of Fire Suppression System by Fire Marshal	
3	A/E	Architect’s G704 with UFAS checklist	
4	Contractor	As-Built Construction Documents. Verified by A/E	
5	A/E	Approved Shop Drawings/Material Samples/Shop Drawing Log	
6	Contractor	Change orders fully executed. Verified by A/E	
7	Contractor	Letter of Completion of all Work including Punch List	
8	Contractor	O & M manuals	
9	Contractor	Green Building certification by 3 rd party	
10	Contractor	Approved Air/Water Testing & Balancing Report (if applicable)	
11	Contractor	Original Warranties as specified	
12	Contractor	Contractors Affidavit G706	
13	Contractor	Final Release & Indemnity Agreement	
14	Contractor	Consent of Surety Company to Final Payment G707A	
15	Contractor	Satisfaction of Building Contract	
16	Contractor	Final Application for Payment marked “Final”	
17	Architect	Section 504 Certification (HOME)	
18	Contractor	Copies of all tests performed per Green Building requirements in ADCIG.	
19	Contractor	OHCS Field Representative approval of completion	

OHCS accepts this project as complete per contract and releases all applicable funds.

Name Signature Date

- In Type B units, make sure the finished cabinet-to-cabinet distance in walking paths is at least 42”.
- Make sure Type A units and all elderly units get a dual remote wall switch to the range hood.

Appendix A: Architectural Design, Construction and Inspection Guidelines

- Make sure the range receptacle is mounted in such a way as to allow the range to fit flush against the kitchen wall.

Bathrooms

- Door swings may not include knee and toe clearances in meeting the clear floor space requirements at doors.
- Type A and Type B unit doors may not overlap into the 30" x 48" required clear floor space.
- Make sure roll-in showers have a clear usable floor space of at least 36" x 60".
- Be sure shower or tub has a clear floor space of 30" x 60" at the approach.
- Make sure toilet and shower/tub grab bar blocking is available and covering 31" to 37" above finished floor.
- Be sure toilet accessories and wall hung sinks are blocked.
- Check shower curb height and approach.
- Make sure that roll-in shower drain is centered.
- Permanently mounted seats in roll-in showers are mandatory. Shower controls must be within 27" reach range of seat.
- Make sure toilet is centered at 16" to 18" off adjacent wall. No tolerances accepted.
- All units must have offset tub controls in all bathrooms.
- Secondary bathrooms in Type A units must meet some Type B requirements.
- All full bathrooms must have medicine cabinets as well as full-width vanity mirrors. Type A units mount at 44" max. above finished floor.
- In Type A and Type B units the clear floor space must be centered on the bathroom lavatories.

Common Areas

- Make sure hallways have 40" minimum width in family housing and 42" minimum width in elderly housing.
- All Type A usable doors are 36" wide with 18" minimum clear floor space on pull side of door.
- In units all pantry doors must have a minimum width of 24".
- Reach-in closets must not be deeper than 36".
- Thermostats must be at 48" maximum above finished floor.
- Look for slab cracks.
- Check threshold heights.
- Type A entrance and secondary doors allow for %" max. threshold.
- Type B entrance doors allow for %" max. threshold. Rear sliding glass door threshold %" max. height.
- Type B patio doors may have up to 4" max. step if floor is slab, a %" max. if floor is wood decking.
- Check for required tempered window glass where required.
- Check for hallway handrail heights and blocking.
- Check to be sure laundry rooms are usable (36" minimum depth) and allow for the required clear floor space in all Type A and Type B units.

Site

- Check for grades at handicap units for slope issues.
- Make sure weep holes in brick veneers are at or below slab grade.
- Check for mold/mildew. Make sure materials are stored properly.
- Make sure lumber has grade stamps.
- All sill plates on concrete must be treated and sealed.
- Check for broken floor and roof trusses.
- Look at flashing to be sure it is installed properly.

Accessibility

- All apartment units must have Braille signage at entry doors.
- Minimum clear space required at doors may not use the knee and toe clearances under vanities or knee spaces.
- Main house panels in Type A and Type B units installed over 48” maximum AFF to top breaker.
- Thermostats and telephone jacks mounted at 48” in Type A and Type B units.
- Clear floor space is “on the floor”. The base and shoe molding is not part of the required clear floor space.
- Closets 48” or deeper must have the 60” clear floor space in Type A units.
- Where there is a range of tolerance it will be 1/4”.
- Minimum shower dimensions must use “finished floor “dimensions.
- Vanities in Type A units must be similar to those installed in non-accessible units. This means you can’t install wall hung sinks in Type A units if you do not install them in every other unit.
- In Type A unit kitchens the 60” minimum clear floor space is mandatory.
- The clear floor space at lavatories must be centered on the bowl.
- Type A units must be disbursed among the various classes of units, meaning bedroom types.
- Laundry rooms require a 48” clear floor space for a parallel approach that is centered on the clothes washer and dryer. This will require additional space in front of/in the laundry room.
- On-site concrete steps on sidewalks beyond building cover must have a 2” minimum contrasting color on tread nosings. The color can be black, green, red or yellow contrasting color. The paint is 2” wide covering the full width of the tread.
- Mailboxes for Type A and Type B units may not be installed higher than 48” AFF.

This checklist is not inclusive of all items inspected during OHCS’s visit. This report does not convey in any manner that the property inspected meets all federal, state, city or local building codes or regulations. If building code issues are mentioned, it is only suggesting to the property owner to investigate possible code violations and to correct the violations if existing.

APPENDIX A-1

Calculating Unit Floor Area

Calculate Floor areas for each unit using the following methods, based on the unit placement in a particular building:

- Outside face of exterior wall to outside face of exterior wall.
- Outside face of exterior wall to center of party wall.
- Outside face of exterior wall to hall face of corridor wall.
- Center of party wall to center of party wall.

All interior spaces, walls, structural elements and voids will be included in the calculated floor area, except as specifically excluded below.

Exclusions:

- In multi-story units, the floor area dedicated to stairs should only be counted once, for a total maximum exclusion of 50 (fifty) square feet.
- Vertical Mechanical and Electrical chases will be excluded from unit floor area calculations.
- Balconies, porches, patios and exterior storage spaces will be excluded from unit floor area calculations.

Calculating Room Floor Area (Net Useable Area)

Floor area for each room will be calculated by measuring to the inside face of each wall.

Calculating Total Building Floor Area (Gross Area):

- Total building floor area will be the sum of the areas enclosed by the exterior face of the exterior walls on each floor.
- Balconies, porches and patios will be excluded from calculation of total building floor area.

APPENDIX B:

LIHTC MARKET ANALYSIS & APPRAISAL

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II. Timeline:	1
III. Market Analysis and Appraisal Guidelines:	2
IV. Market Analysis Components:	3

I. OVERVIEW:

A complete market analysis following OHCS Market Analysis Guidelines must be submitted for approval within 90 days following the date of the Reservation Letter. Accommodation of this requirement may be provided in writing by OHCS if the construction or permanent lender orders a FIRREA compliant appraisal naming OHCS as an intended user and includes a market analysis prepared in compliance with OHCS Guidelines.

The market analysis must satisfy the requirements of this section, and Section 42 of the Code. An independent third party analyst, using generally accepted principles and theory, must prepare the market analysis. The analyst must be included on the OHCS list of approved providers. The analyst must have demonstrated experience in the proposed Project’s market area and with the rent-restricted market. The rental analysis section included in the market analysis report must be completed by a State Certified General Appraiser.

II. TIMELINE:

A previously prepared market analysis must have an effective date no more than six (6) months prior to the Reservation Letter date. “Updates” of older market analyses will not be accepted since an “update” is actually considered a new assignment.

OHCS will accept a recent FIRREA appraisal with an effective date of no more than six (6) months prior to the date of the Reservation Letter in lieu of the required market analysis provided the market analysis and rent discussion sections include the information detailed in the OHCS Market Analysis Guidelines.

Deadlines for delivery of an appraisal to OHCS:

- 9% LIHTC programs– Acceptable appraisals must be received within ninety (90) days of Reservation Letter.
- 4% LIHTC program – Acceptable appraisals must be received as soon as available, but no later than ninety (90) days prior to construction close.

III. MARKET ANALYSIS AND APPRAISAL GUIDELINES:

In order to allow OHCS to determine the eligible basis of either the existing or new construction “improvement/buildings” in a project, an appraisal prepared in conformance with Oregon Statutes, FIRREA standards and OHCS policy is required.

- FIRREA standards require that appraisals must be ordered by the lender or other insured financial institution - which must define the purpose of the appraisal and provide guidance to the appraiser as to the bank or financial institution requirements - and the bank or financial institution must engage the appraiser, who cannot be related in any way to the seller or buyer.
- For Projects that currently have restricted rents, the appraisal must include an “As is” Restricted Rent Value.
- For Projects that currently receive or will receive at time of sale “project based” subsidy, the appraisal must include an “as is” restricted rent value taking into consideration the subsidy that is generally marked to market.
- For Projects that do not currently have restricted rents, the appraisal must include an “as is” Market Rent Value.
- In all appraisals an “as is” Market Value for land must be included that reflects all restrictions on the land.
- OHCS must be named as an intended user and permission granted to OHCS to discuss the report with its preparer.

To avoid delays or additional costs to the borrower, it is suggested that the Requestor obtain OHCS’s approval of the scope of work in the letter of engagement before the appraiser is engaged.

The market analysis must demonstrate to OHCS the Project is creating, preserving, or renovating housing that current market forces are not addressing. In addition, the market analysis must address current market conditions and determine the Project is viable and provides units at below-market rents or provides some other public benefit.

Note that acquisition/rehab guidelines somewhat differ from new construction guidelines.

At OHCS’s discretion OHCS may require further market support of the Project, or accept a market analysis in a different format. Any deviation from the market analysis Guidelines must be approved in writing by OHCS prior to submission of the report. OHCS reserves the right to contact the market analyst as needed.

The list of approved providers may be found on the OHCS website at:

<http://www.oregon.gov/ohcs/HD/HRS/LIHTC/ApprovedMarketAnalystsList.pdf>

You may also contact OHCS’s Multi-Family Housing Finance Section.

IV. MARKET ANALYSIS COMPONENTS:

All market analyses should include the following summarized sections as well as the more detailed Market Analysis Guidelines:

1. Report Title Page
2. Letter of Transmittal
3. Table of Contents
4. Executive Summary
5. Photographs of Project
6. Assumptions and Limiting Conditions
7. Scope of the Assignment
8. Regional Analysis
9. Primary Market Area (PMA) Analysis
10. Site Description & Analysis
11. Improvement Description & Analysis
12. Target Market Identification
13. Demand Analysis
14. Supply Analysis
15. Reconciled Estimate of Marginal Demand
16. Capture Rate Development
17. Conventional Market-rate Rents
18. Affordable (low income) Market Rents
19. Certification
20. Addendum

APPENDIX B:

PROJECT MONITORING

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I. OVERVIEW

As the authorized allocating agency for the State of Oregon, the Department is responsible for monitoring the property for compliance with Section 42 of the Code, IRS and Treasury regulations (rulings, procedures, decisions and notices), the Fair Housing Act, State laws, local codes, Department loan or regulatory documentation, and any other legal requirements. The Department may adopt and revise standards, policies, procedures, and other requirements in administering the tax credit program. Owners must comply with all such requirements if implemented after the QAP is approved.

The Department is responsible for establishing compliance monitoring procedures and must report noncompliance to the IRS. Monitoring each project is an ongoing activity that extends throughout the extended use period (a minimum of 30 years). Projects with funding sources obtained from the Department, in addition to the credits, will be monitored for the most restrictive requirements of all combined programs. Owners must be aware of the differences in program regulations. The Department’s

Compliance Manual is incorporated via reference and may be found at <http://www.oregon.gov/ohcs/Pages/compliance-monitoring-manual-lihtc.aspx>

The Department may perform an on-site review of any building in the Project, interview residents, review residents' applications and financial information, and review an Owner's books and records relating to the Project consistent with law as it determines to be appropriate. A Project must provide the Department reasonable access to the Project and its books and records and reasonably cooperate in all such compliance monitoring. In connection with its obligation, an Owner must take all action as may be reasonably necessary to allow the Department to inspect housing units occupied by residents.

II. ASSET MANAGEMENT AND COMPLIANCE

Asset management will evaluate Risk and assess monitoring requirements based on a review of the following elements for compliance:

- Most recent rating received for management review;
- Physical inspections;
- Tenant file review;
- REAC scores;
- Submission of required reporting including financial audits and certification of program compliance (CCPC's);
- Owner and management cooperation with reporting and communication;
- Need or outcome for a community evaluation within the last year

III. COMPLIANCE MONITORING PROCESS

- A. The Compliance Monitoring Process is based upon the following components:
 - i. IRC Section 42 and the promulgated regulations in the Oregon Administrative Rules for the LIHTC program
 - ii. Qualified Allocation Plan for projects with Building Identification Numbers (BIN) beginning with OR90
 - iii. Department's Compliance Manual
 - iv. Declaration of Land Use Restrictive Covenants in effect for all projects.
- B. In addition, the following conditions/criteria are met:
 - i. Each low-income unit in the project is rent restricted.
 - ii. Each building in the project is suitable for occupancy, considering local health, safety, and building codes (or other habitability standards); and, the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or low-income unit in the project. Additionally, all low-income units have been continually occupied, vacant but rent ready or vacant for redecorating and/or minor repairs for a period of less than 30 days, throughout the reporting period.
 - iii. No tenants have been evicted for other than good cause.

IV. COMPLIANCE STATUS TRACKING

The Department uses the monitoring policy to track Owner compliance with Section 42 and the Department's requirements. Issues tracked and recorded include, but are not limited to, the following items:

1. Any IRS Form 8823 events as a result of monitoring
2. Owner compliance with Department-required reporting deadlines
3. Performance of management agents employed by the Owner
4. Fair Housing violations

V. OWNERSHIP, MANAGEMENT PLANS AND QUALIFICATIONS

The Department reviews all changes in Ownership and/or Management Agent. Department policy requires notice sixty (60) days prior to any change. The Owner submits the proposed new Management Plan and qualifications to Asset Management, satisfactory to the Department. Management agents and/or Owners are responsible to comply with LIHTC program requirements demonstrated by prior LIHTC experience or current relevant LIHTC training and certification.

VI. ANNUAL OWNER CERTIFICATION REPORTING AND MONITORING

Annual certification of continuing compliance is due February 28th of each year.

- A. Monitoring of a project will occur as follows:
 - i. An on-site inspection of all buildings in a project will occur by the end of the second year following the date the last building is placed in service. This review will include a physical inspection and a review of the low-income certification and documents supporting the certification for at least 20 percent of the tenants,
 - ii. Then, at least once every three years, the Department will conduct an on-site inspection of each building exterior and all common areas in a project and will review tenant files and complete a physical inspection of at least 20 percent of the project's low-income units.
- B. When a project is scheduled for review, the Department shall:
 - i. Perform the on-site file, property, and unit inspections. File inspection may occur electronically. Uniform Physical Condition Standards (UPCS) are adopted as the physical inspection protocol for the Department.
 - ii. Inform the Owner as soon as possible of any finding of non-compliance resulting from the inspections.

VII. INSPECTIONS

The Department reserves the right to delegate physical property and unit inspections to third parties in accordance with Oregon or Federal Streamlining Compliance processes.

VIII. LIABILITY

Compliance with the requirements of Section 42 and state regulation is the responsibility of the Owner. The Department is not liable for an Owner's non-compliance.

IX. CORRECTION OF NON-COMPLIANCE CONDITIONS

The Department provides written notice of non-compliance to the Owner if:

1. The Annual Certification Report and attachments are not received by the due date.
2. The project is found to be out of compliance, through inspection, review or other means, with the provisions of IRC Section 42 or state regulations. The Owner will have thirty (30) days from the date of notice to supply any missing information for the Annual Certification Report and correct any non-compliance issues. The Department may grant an extension of up to ninety (90) days. At the end of the allowable correction period, the Department is required to file IRS Form 8823, "Low Income Housing Credit Agencies Report of Noncompliance," with the IRS. All non-compliance issues are reported whether corrected or not. The Department will explain the nature of the non-compliance or failure to certify and whether the non-compliance has been corrected. The IRS will make any determinations as to the applicability of recapture penalties, not the Department.

X. NON-COMPLIANCE REQUIRING ADDITIONAL DEPARTMENTAL STAFF TIME

The scope of non-compliance detected during any monitoring activity will be evaluated by the Department. At its discretion, the Department may expand the audit sampling for additional review. This expansion could extend to 100 percent of the units and/or files deemed to have noncompliance issues. The Department reserves the right to require the Owner to hire a third party auditor acceptable to the Department, at the Owner's expense, to complete corrective action related to non-compliance.

The Department may request other items to assess project status including, but not limited to:

1. Audited annual financial statements
2. Annual operating statements showing actual income and expenses as they relate to the real property
3. Documentation that all State requirements are met

XI. ACQUISITION/REHABILITATION TENANT CERTIFICATION POLICY

Projects that receive an allocation of credits for both acquisition and rehabilitation are not required by the Department to complete tenant certifications for both sets of credits for the same households. Owner may choose to complete a rehab certification as well.

Starting at initial lease-up, the Department may request, from the Owner, compliance reports identifying low-income occupancy for each building in a project. The reports should reflect month-end information for each month of the first year of the credit period. The reports will identify each unit, all adult tenant names in each unit, and the income level at move-in or initial certification. Additional information may be requested.

XII. FEDERAL FAIR HOUSING ACT

1. OHCS Responsibility: On receipt of notifications from HUD or DOJ, the Department will file a Form 8823 with the IRS noting the potential violation, and notify the owner in writing. The Department will report potential Fair Housing Act violations discovered during their compliance

monitoring activities to the HUD Regional office, or other fair housing enforcement agencies as appropriate.

The Department is responsible for monitoring Fair Housing violations including Affirmative Fair Housing marketing plans, if required, and fair housing complaints.

2. IRS Responsibility: The IRS will send a letter to the Owner notifying them that a finding of discrimination will result in the loss of low-income housing tax credits.

XIII. HOUSING AND ECONOMIC RECOVERY ACT (HERA) OF 2008 DATA COLLECTION

To the extent required by federal law, the Owner/Agent will assist the Department with meeting federal reporting requirements by collecting and submitting information annually concerning the race, ethnicity, family composition, age, income, disability status, monthly rental payments, and use of rental assistance under section 8(o) of the United States Housing Act of 1937 or other similar assistance, of all low income households.

XIV. RECORDKEEPING AND RECORD RETENTION

1. Recordkeeping: The Owner of a low-income housing project must keep records for each building in the project for each year of the term of the Regulatory Agreement (Extended Use Agreement):
 - a) The total number of residential rental units in the building (including the number of bedrooms and the size in square feet of each residential rental unit);
 - b) The percentage and number of residential rental units in the building that are low-income units;
 - c) The percentage and number of residential rental units in the building that are subject to the additional low-income unit set-aside requirements;
 - d) The percentage and number of residential rental units in the building that are subject to the special-needs unit set-aside requirements;
 - e) The rent charged for each low-income unit in the building (including any utility allowances);
 - f) The number of occupants in each low-income unit;
 - g) The number of occupants in each residential rental unit in the building that is subject to a special-needs unit set-aside requirement related to household size;
 - h) The low-income unit vacancies in the building and information that shows when, and to whom, the next available units were rented;
 - i) The vacancies of any additional low-income set-aside units in the building and information that shows when, and to whom, the next available units were rented;
 - j) The vacancies of any special-needs set-aside units in the building and information that shows when, and to whom, the next available units were rented;
 - k) The initial annual income certification of each low-income resident and any recertification of income that is required;

- l) Documentation to support each low-income household's income certification;
 - m) Documentation to support that each household that is subject to a special-needs unit set-aside for such special-needs unit set-aside or commitment;
 - n) The eligible basis and qualified basis of the building at the end of the first year of the credit period;
 - o) The character and use of the nonresidential portion of the building included in the building's eligible basis under Section 42(d) of the Code; and
 - p) The date that a resident initially occupies a rental unit and the date that a resident moves out of a rental unit.
 - q) The Owner shall also keep such additional records throughout the term of the Regulatory Agreement (Extended Use Agreement) necessary or appropriate to demonstrate compliance with the Code, the tax credit program and the Owner's commitments and obligations under the tax credit program contracts, including the Regulatory Agreement (Extended Use Agreement).
 - r) Other non-optional charges
 - s) Federal Rent Restriction
 - t) Deeper non-Federal Rent Restriction
 - u) Current LIHTC Rent Limit
 - v) Federal Rent Assistance
 - w) Source of Federal Rent Assistance
 - x) Non-Federal Rent Assistance
2. Record Retention: The Owner of a low-income housing project must, during the term of the Regulatory Agreement (Extended Use Agreement), retain the records described above: (i) for at least six (6) years after the due date (with extensions) for filing the federal income tax return for that year; and, (ii) with respect to any year for which an income tax return is not filed or does not reflect the Credit for such project, for at least six (6) years after the end of that year. The records for the first year of the credit period as defined under Section 42(f)(1) of the Code, however, must be retained for at least six (6) years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period as defined under Section 42(i)(1) of the Code with respect to a building in the project.

Except as otherwise provided, the Owner of a low-income housing project must, during the term of the Regulatory Agreement (Extended Use Agreement), retain the original local health, safety, or building code violation reports or notices that are issued by any state or local government unit.

XV. Certification and Review Provisions:

Certification:

- A. The owner of a low-income housing property must certify to the Department that the project meets the minimum requirements of:

1. 20 – 50 test under Section 42(g)(1)(A) of the Code; or 40 – 60 test under Section 42(g)(1)(B) of the Code.
2. There has been no change in the applicable fraction (as defined in Section 42 (c)(1)(B) of the Code) for any building in the project.
3. For 100% LIHTC properties, the owner has received a Tenant Income Certification at initial occupancy and at the first-year anniversary along with third-party documentation to support each certification. OR for Properties that are not considered to be 100% LIHTC, the owner has obtained a Tenant Income Certification from each low-income household at initial occupancy and annually, along with third-party documentation to support each certification.
4. Each low-income unit in the property has been rent-restricted under Section 42(g)(2) of the Code.
5. All low-income units in the property are and have been for use by the general public and used on a non-transient basis (except for transitional housing for the homeless provided under Section 42 (i)(3)(B)(iii) of the Code).
6. No finding of discrimination under the Fair Housing Act, 42 U.S.C 3601-3619, has occurred for this property. A finding of discrimination includes an adverse final decision by the Secretary of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by a substantially equivalent state or local fair housing agency, 42 U.S.C 3616a(a)(1), or an adverse judgment from a federal court
7. Each building in the property is and has been suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards), and the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or low income unit in the property. Additionally, all low income units have been continually occupied, vacant but rent-ready, or vacant for redecorating and/or minor repairs for a period of less than 30 days, throughout the reporting period.
8. There has been no change in the eligible basis (as defined in Section 42(d) of the Code) of any building in the property since last certification submission.
9. All tenant facilities included in the eligible basis under Section 42(d) of the Code of any building in the property, such as swimming pools, other recreational facilities, parking areas, washer/dryer hookups, and appliances were provided on a comparable basis without charge to all tenants in the buildings.
10. If a low-income unit in the property has been vacant during the year, reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units were or will be rented to tenants not having a qualifying income
11. If the income of tenants of a low-income unit in any building increased above 140% of the applicable income limit as allowed in Section 42(g)(2)(D)(ii) of the Code, the next available unit of comparable or smaller size in that building was or will be rented to residents having a qualifying income.
12. I Any evictions of tenants of a low-income unit in any building were executed only for good cause, as required in Section 42(h)(6)(B)(i) of the Code, as described in Q&A of Rev. Rul. 2004-82.

13. An extended low-income housing commitment as described in Section 42(h)(6) was in effect, including the requirement under Section 42(h)(6)(B)(iv) that an owner cannot refuse to lease a unit in the property to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437s. Owner has not refused to lease a unit to an applicant based solely on their status as a holder of a Section 8 voucher and the property otherwise meets the provisions, including any special provisions, as outlined in the extended low-income housing commitment
14. The owner received its credit allocation from the portion of the state ceiling set-aside for a property involving "qualified nonprofit organizations" under Section 42(h)(5) of the code and its non-profit entity materially participated in the operation of the development within the meaning of Section 469(h) of the Code.
15. There has been no change in the ownership or management of the property in the past 12 months

Review.

Under the review provision, a monitoring procedure must require:

1. The Annual Reporting Spreadsheet
2. The current utility allowance information
3. Copy of IRS Form 8609, where Part II "First-Year Certification" has been completed, signed, and dated by owner

APPENDIX D:

RESIDENT SERVICES

I. Resident Services Description Goals 1

II. Resident Services Description Guidelines 1

The Applicant is required to provide a Resident Services Description at the time of Application, in accordance with the goals and guidelines below.

I. Resident Services Description Goals

The anticipated outcomes and overall goals of the Resident Services Description and subsequent plan are as follows:

- i. Through coordination, collaboration, and community linkages, residents will be provided the opportunity to access appropriate services which promote self-sufficiency, maintain independent living, and support them in making positive life choices; and
- ii. To maintain the fiscal and physical viability of the development by incorporating into the ongoing management the appropriate services to address resident issues as they arise.

II. Resident Services Description Guidelines

A Resident Services Plan must include these general guidelines:

- i. General low-income population support and services may include improving residents’ ability to maintain their lease obligations, enhance quality of life through programs for employment, education, income/asset building, child and youth development, community building and improving access to services.
- ii. Elderly support and services should include improving residents’ ability to uphold their lease throughout the aging process through better access to health and other services, enhanced quality of life through community building, socialization, and other programs.
- iii. Support and services for special needs population should focus on the strengths and needs of the target population to provide for not only the daily support but to be part of the larger community.

APPENDIX E:

SCHEDULE OF CHARGES

I. OVERVIEW	1
II. PROGRAM CHARGES	1

I. OVERVIEW

The Department has set the charge schedule listed below. The Department may make additions and modification to the charge schedule. Charges paid are not refundable once submitted to the Department at the time required according to the schedule below.

Submit payment with the Charge Transmittal form.

Charges are non-refundable.

If awarded, Department grant resources may be requested for reimbursement of Department charges, excluding the application charge.

II. PROGRAM CHARGES

When applying for any Program funds, the Requestor must pay each applicable charge. These charges are as follows:

Charges required with the Notice of Funding Availability (NOFA) for the 9% Low Income Housing Tax Credit Program (LIHTC), the HOME Investment Partnership Program (unless prohibited by Program), and associated resources, include:

Application Charge: The lesser of \$25 per unit or (.5%) of the total funds requested. Minimum \$100.

After a funding Reservation is issued, the following charges apply:

Recipient Charge: Assessed on the cumulative total of NOFA resources:

<\$300K = \$1,000

\$300K = \$2,000

LIHTC = \$2,500

Farmworker Tax Credits: \$200 for each development that receives credits.

Construction Monitoring: \$25,000 per project (HOME only)

Document Preparation: \$100 per recorded document (normally assessed in escrow)

The following charges are associated with the 9% Low Income Housing Tax Credit Program:

- LIHTC Reservation: 5.5% <30 units or 6.5% >=30 units
- Late Carryover: If carryover application is received after December 1st: \$1,000 plus \$200 per business day, plus \$100 per hour for re-evaluation.
- Late Final Application: \$1,000 if final application is received more than six (6) months past placed-in-service date, plus \$100 per month, plus \$100 per hour for re-evaluation.
- Monitoring: \$35 per unit per year for first fifteen (15) years. \$25 per unit per year for each year in the extend use period.

The following charges are associated with the 4% Low Income Housing Tax Credit Program:

- Application Charge: \$25 per unit + \$1,500 per additional site (scattered site properties)
- LIHTC Reservation: Twelve percent (12%) of annual allocation
- Recipient Charge \$2,500
- Late Final Application: \$1,000 if final application is received more than six (6) months past placed-in-service date, plus \$100 per month, plus \$100 per hour for re-evaluation.
- Monitoring \$35 per unit per year for first fifteen (15) years.
\$25 per unit per year for each year in the extend period.

The following charges are associated with the tax-exempt conduit bond program (does not apply to bond re-funding):

- Application Charge: \$1,500
- Issuance Charge:
- <\$10,000,000 = One point five percent (1.5%) of aggregate bond amount
- >\$10,000,000 = One percent (1.0%) of aggregate bond amount
- Issuance charge is capped at \$100,000
- Draw Downs are allowed only on an exception basis (\$10,000,000 minimum, additional (.5%) issuance charge)
- DOJ: Included in issuance
- Treasury: Included in issuance
- Monitoring: \$10 per unit per year (this is in addition to any applicable LIHTC monitoring charges)

Fees and charges for requesting additional resources: To fill an LIHTC pricing gap:

The lesser of \$25 per unit or .5% of the additional funds requested. Minimum \$100.

For loss of a funding source or increased Project costs:

Any NOFA funding source (other than LIHTC & OAHTC): One percent (1%) of the gross amount of the funds requested.

LIHTC (4% OR 9%): One percent (1%) of the estimated equity to be generated by the additional tax credits.

OAHTC: \$25 per unit or .5% of additional OAHTC requested, whichever is greater. Minimum \$100.

Fees and charges for negotiation of documents: Legal and administrative costs related to such negotiation.

Such other fees and charges that Department may assess under applicable Program Requirements or administrative rules.



Oregon Housing and Community Services' Summary of Housing and Homeless Needs Assessment for the 2016-2020 Consolidated Plan

Oregonians face a wide variety of housing issues as the result of tightening housing markets, stagnant wages, and a shortage of affordable housing units. The Needs Assessment prepared for the Consolidated Plan provides a detailed analysis of the number of low and moderate income renters and owners who have a housing cost burden, live in overcrowded units, or live in substandard housing. Data is also available on populations that face disproportionately greater housing needs. Finally, the assessment provides information on the housing needs of special populations such as people with disabilities, the elderly, victims of domestic violence, people with HIV/AIDS, and others. A summary of the findings is presented here.

Low and Moderate Income Households

In 2011, the median family income (MFI) in Oregon was \$63,100.¹ Nearly 40 percent of the 1.5 million households in Oregon earned at or below 80 percent of MFI and were considered low or moderate income. Households earning just 30 percent of MFI or less (\$18,930) were the most likely to face housing problems such as severe housing cost burden, which is defined as spending more than half of household income on housing and utility costs. Seventy-two percent of households at this income level had one or more severe housing problems, compared to 44 percent of households with income between 30 percent and 50 percent of MFI and 22 percent of households earning between 50 percent and 80 percent of MFI.

Households with income at or below 30 percent of MFI were much more likely to rent their home than own it, with 21 percent of all renter households falling into this income category, compared to just five percent of owner households. An analysis from the National Low Income Housing Coalition on renter households shows that in 2013 there were estimated to be only 22 affordable and available rental units available for every 100 renters in Oregon with income at or below 30 percent of MFI. This analysis also shows that Oregon would need to create a little more than 103,000 rental units affordable for households at or below 30 percent of MFI to meet the existing demand. For renter households below 50 percent of MFI there were estimated to be 42 units affordable and available for every 100 renters in Oregon, and for those below 80 percent of MFI, there was almost enough to meet demand, with 94 units affordable and available for every 100 renters at this income level.

Low and moderate income renters are found throughout the state, but are more concentrated in urban areas, while low and moderate income homeowners are more likely to be found in rural areas. Elderly

¹ The Housing and Homeless Needs Assessment for the Consolidated Plan relies primarily on HUD data from 2007-2011, as it was the most recent available.

households with income at or below 80 percent of MFI were more likely than other households to be homeowners, with 57 percent of elderly households at this income level owning their home, compared to 23 percent of non-elderly households, 36 percent of small families, and 47 percent of large families. Low income elderly households in both rural and urban areas face challenges in maintaining and affording their homes.

Disproportionate Housing Needs

According to HUD, disproportionate need occurs when a household category has a level of need that is at least 10 percentage points higher than the level of need of all households in a particular income category. Using this definition, Pacific Islanders earning 30 percent or less of MFI have disproportionately high housing needs, because 92 percent of Pacific Islanders at this income level have one or more severe housing problems, compared to 79 percent of all households in that income group. While this population is very small in Oregon, the community disproportionately suffers from severe housing problems or cost burden.

In addition, one in three Hispanics earning between 50 percent and 80 percent of MFI, and one in four Hispanics earning between 80 percent and 100 percent of MFI have one or more severe housing problems, compared to one in five and one in eight households in the state respectively, indicating disproportionately high housing needs among moderate and middle income Hispanic households.

Finally, when examining cost burden only, for households of all income levels, it appears that African Americans have disproportionately high housing needs, with one-third of all African American households spending more than 50 percent of their income on housing costs, compared to 17 percent of all households in the state.

Looking at this another way, it is important to note that households of color are more likely than white households to have lower incomes and therefore are disproportionately represented in the number of low income households with housing problems. For instance, African Americans make up 1.5 percent of the entire population in Oregon, but they make up 3.9 percent of all households earning 30 percent or less of MFI. Furthermore, they make up 4.2 percent of households at this income level with one or more severe housing problems. Similarly Hispanics make up 7.1 percent of the state's population, but 9.6 percent of households with income at or below 30 percent of MFI and 11 percent of households at this income level with one or more severe housing problems.

Housing Needs of the Elderly

According to HUD's 2007-2011 CHAS data there were 455,000 households with an elderly person (age 62 and older), meaning that nearly one-third (30 percent) of all households in Oregon had at least one elderly member. Sixty-two percent of these elderly households had members aged 62-74 years old and the remaining 38 percent had a member 75 or older, and were therefore considered to be frail elderly. Forty-four percent of all elderly households had income below 80 percent of MFI, compared to 39 percent of all households. Close to 60,000 moderate income elderly homeowners, and a little more than

44,000 moderate income elderly renter households, experienced a housing cost burden, meaning that 52 percent of all moderate income elderly households in Oregon experienced this housing problem.

The Oregon Affordable Housing Inventory (OAHI), produced by OHCS, indicates that there are approximately 14,888 publicly assisted multifamily units designated for residents who are elderly in Oregon. These units include those with federal, state and local subsidies. This represents almost one-quarter of the estimated 63,000 publicly assisted multifamily units in the state.

Housing Needs of the People with Disabilities

According to HUD's 2008-2012 CHAS data there were 95,000 Oregon households with income at or below 80 percent of MFI that included a member with a vision or hearing impairment. Sixty-four percent of these households had one or more housing problems. There were a little more than 120,000 moderate income households that included a member with an ambulatory limitation and 66 percent had one or more housing problems. Out of the four types of households with disabilities, the 159,000 households that included a member with a cognitive disability were the most likely to have incomes below 80 percent of MFI (58 percent) and these moderate income households were the most likely to have one or more housing problems (70 percent). Finally, there were 92,000 moderate income households with self-care or independent living limitations and 67 percent had one or more housing problems.

There is a limited supply of housing units specifically designated for people with disabilities in Oregon. According to the OAHI, there are approximately 1,939 units designated for people with physical disabilities, and 1,675 units designated for people with developmental disabilities. Taken together, these units make up just 6 percent of the entire affordable housing inventory in the state.

Housing Needs of the People with Mental Illness

Data from the Oregon Health Authority from 2012-2014 shows the number of clients discharged from mental health services programs, which can provide an idea of the number of people with chronic mental illness who might be in need of affordable housing. From 2012 to 2014, there was an average of 50,000 people discharged from mental health services providers throughout the state. The OAHI shows that there are only about 1,500 units that serve those with chronic mental illness, representing three percent of all assisted multifamily housing in the state.

HOUSING NEEDS IN OREGON

All across Oregon, people are struggling to make ends meet and afford the basics such as housing, food, medicine, and transportation. Over time, housing costs have not kept pace with wages, creating a significant lack of affordable housing units for a range of income levels. These problems exist in Oregon's small rural communities, suburban areas, and cities across the state.

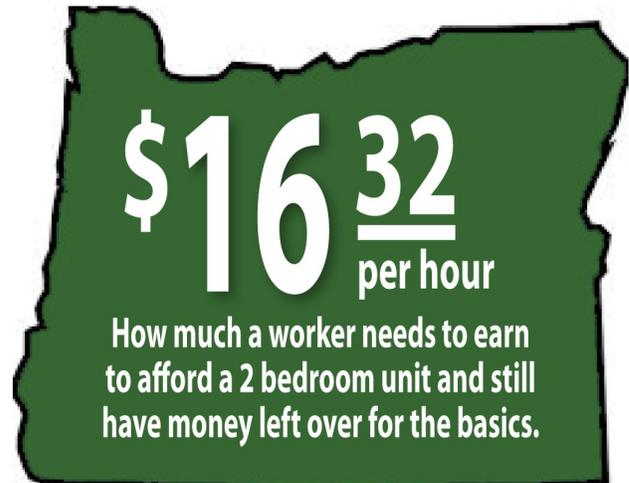
Today, there are approximately 234,000 renter households earning 50% or less of Area Median Income (AMI), but only 98,000 units are affordable and available to them. This means that there are just 42 affordable and available units for every 100 renters with very low incomes.

The US Department of Housing and Urban Development (HUD) considers a home affordable when you're paying only a third of your income towards rent or a mortgage. Two in five residents are paying more than half of their incomes towards rent or a mortgage.

Barriers to Housing

People in Oregon also face other barriers to obtaining safe and stable housing such as:

- Rapidly increasing rents and extremely low vacancy rates in many communities including the Portland metro area, central Oregon, and southern Oregon.
- A severe shortage of available housing affordable to Oregonians at all income levels.
- People of color are more likely to suffer housing discrimination, live in housing in poor condition, experience overcrowding, and rent burden.



Out of Reach Study, 2015

Programs to Support and Maintain Safe Housing

- Multi-family rental housing for low and extremely low-income residents including transitional housing, housing with services, and subsidized housing. Funding also supports community housing development organizations.
- Rental assistance including short and long term rental assistance, utility payment assistance, and security deposits.
- Homeless prevention services including eviction prevention, security deposits, application fees, and moving costs.
- Emergency shelters and homeless services including emergency shelter, case management, education, child care, and transportation.
- Street outreach including engagement, case management, emergency health services and transportation.

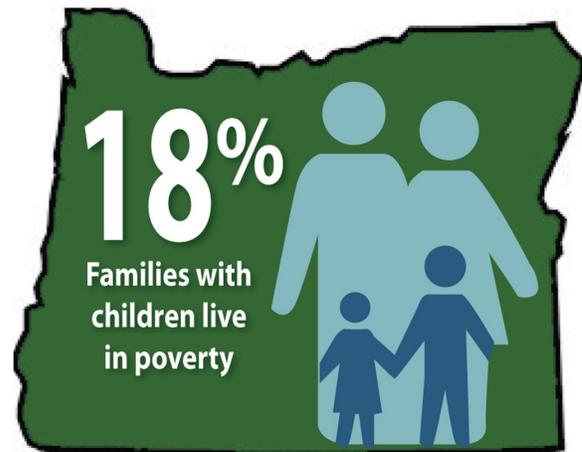
HOUSING FOR FAMILIES WITH CHILDREN

All across Oregon, families with children are struggling to make ends meet and afford the basics such as housing, food, medicine, and transportation. Over time, housing costs have not kept pace with wages, creating a significant lack of affordable housing units for a range of income levels. These problems exist across the state – in small rural communities, suburban areas, and cities.

The U.S. Department of Housing and Urban Development (HUD) considers a home affordable when you're paying only a third of your income towards rent or a mortgage. Today, almost one in four families is paying more than half of their income towards rent or a mortgage. Paying more means too little is left over for other basic necessities such as food or medicine.

Barriers to Safe and Stable Housing

- Rents continue to rise while wages stay flat. A full-time minimum wage worker cannot afford a safe place to live.
- There are not enough units available for the families that need them, requiring families to double up and live in overcrowded conditions.
- Finding housing close to employment, schools and services can prove to be impossible in some communities.
- For families and communities of color, they face disproportionately greater housing needs and rent burden. 31% of African American households experience rent burden, compared to just 17% of all Oregon households.



American Community Survey, 2013

Families in Oregon are Struggling

In Oregon, there are approximately 234,000 renter households earning 50% or less of Area Median Income (AMI), but only 98,000 units are affordable and available to them. This means that there are just 42 affordable and available units for every 100 renters with very low incomes.

There are approximately 181,000 families with children under age 18 in Oregon with low incomes. Four out of ten of these families spend more than half of their income on housing costs, leaving very little at the end of the month for other basic necessities.

Programs to Support and Maintain Safe Housing

- Multi-family rental housing for low and extremely low-income residents including transitional housing, housing with services, and subsidized housing. Funding also supports community housing development organizations.
- Rental assistance including short and long term rental assistance, utility payment assistance, and security deposits.
- Homeless prevention services including eviction prevention, security deposits, application fees, and moving costs.
- Emergency shelters and homeless services including emergency shelter, case management, education, child care, and transportation.
- Street outreach including engagement, case management, emergency health services and transportation.

HOUSING FOR PEOPLE WITH DISABILITIES AND THE ELDERLY

All across Oregon, people are struggling to make ends meet and afford the basics such as housing, food, medicine, and transportation. Over time, housing costs have increased significantly, creating lack of affordable housing units at a range of income levels. These problems exist across the state – in small rural communities, suburban areas, and cities.

These challenges are especially acute for persons with disabilities and the elderly, who often live on fixed incomes and have few choices when it comes to where they live and can receive needed care and services. The population of people with disabilities and the elderly continues to grow, and the elderly are the fastest growing age group in Oregon. People with disabilities and the elderly are more likely to be living in poverty and spend more than half of their income on housing. Paying more means too little is left over for other basic necessities such as food, medicine and transportation.

People with Disabilities and the Elderly Experience Significant Challenges

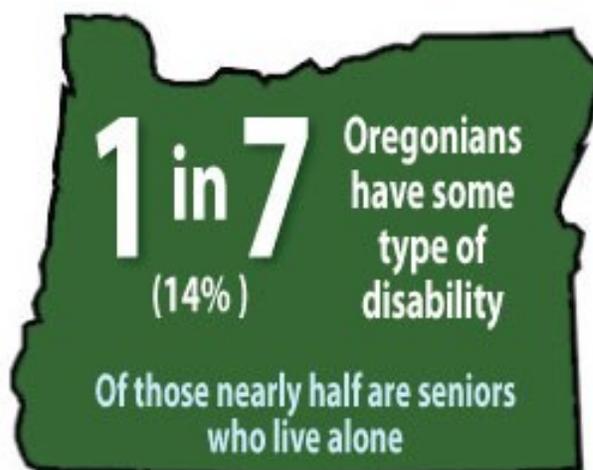
- More than half of the elderly with disabilities have more than one disability.
- People with disabilities include people with vision impairments, ambulatory limitations, mental or cognitive disabilities, as well as self-care limitations.

Barriers to Safe Affordable Housing

- People with disabilities and the elderly have difficulty finding affordable places to live, as well as homes that are accessible, close to public transportation, or have available and needed supportive services.
- There is a limited supply of housing units specifically designated for people with disabilities in Oregon. According to the Affordable Housing Inventory, there are approximately 1,939 units designated for people with physical disabilities, and 1,675 units designated for people with developmental disabilities. Not enough accessible housing means that people can injure themselves at home, can't live independently, and have limited opportunities.

Programs to Support and Maintain Safe Housing

- Multi-family rental housing for low and extremely low-income residents including transitional housing, housing with services, and subsidized housing. Funding also supports community housing development organizations.
- Rental assistance including short and long term rental assistance, utility payment assistance, and security deposits.
- Homeless prevention services including eviction prevention, security deposits, application fees, and moving costs.
- Emergency shelters and homeless services including emergency shelter, case management, education, child care, and transportation.
- Street outreach including engagement, case management, emergency health services and transportation.



HOUSING FOR PEOPLE EXITING INCARCERATION

Across Oregon, people are exiting prisons and jails, and returning to their communities. 95% of people who are incarcerated will be released and return to their communities after serving their time. Successfully re-entering society includes having a safe, stable, and affordable place to call home, family supports, and employment. These factors can significantly reduce the risk of reoffending and returning to prison.

In the US, one in every 31 adults is under some form of correctional control, meaning they are in jail or prison, on probation or on parole. Today in Oregon, we have over 14,000 men and women in state custody, representing a 150% increase over the past twenty years.

Communities of color are significantly and negatively impacted by the criminal justice system. People of color are more likely than white Americans to be arrested, more likely to be

Barriers to Housing

People who are exiting prison in Oregon face significant barriers to safe and stable housing such as:

- Limited rental units available: Few landlords will accept people returning from prison, and there are limited transitional or permanent housing units for people exiting prison.
- Limited employment opportunities mean difficulty paying rent.
- Federal restrictions on affordable housing units may mean people cannot easily move into stable housing with family members.

Programs to Support and Maintain Safe Housing

- Multi-family rental housing for low and extremely low-income residents including transitional housing, housing with services, and subsidized housing. Funding also supports community housing development organizations.
- Rental assistance including short and long term rental assistance, utility payment assistance, and security deposits.
- Homeless prevention services including eviction prevention, security deposits, application fees, and moving costs.
- Emergency shelters and homeless services including emergency shelter, case management, education, child care, and transportation.
- Street outreach including engagement, case management, emergency health services and transportation.

convicted, and more likely to face steeper sentences. African-American males are six times more likely to be incarcerated than white males.

For those released into the community, housing is a huge barrier. One in six people in prison have a severe need for mental health treatment, and three in four women incarcerated have a mental health issue that needs treatment.

Incarceration has long term impacts on the ability for people to move out of poverty by reducing the ability to gain employment, stable housing and education options. Parole and probation often includes geographic and other restrictions, which reduces where people can live and seek employment.



Department of Corrections