

4% Low Income Housing Tax Credits (LIHTC) & Private Activity Bond (PAB) Program Update & Process Overview

Key Program Updates:

- Implement funding set-asides and policy priorities to determine what projects receive PAB commitments; project applications will be reviewed during a published open application window
- Adopt extend 60-year affordability to all 4% LIHTC projects where possible
- Require cultural responsiveness and strategies that further equity and racial justice efforts
- Prioritize readiness to proceed and performance, with intentional resources to support small and culturally specific development organizations

Order of Project Selection

1. Housing Authority Owned Projects
2. Projects with significant local funds
3. OHCS and federally funded projects
4. Projects without public subsidy

PAB Resource Set-Asides

65% made available to Projects in Portland Metro Counties

35% to Balance of State

Tie-Breaking Decision Maker to be used if Set-Asides are Over-Subscribed as Projects are Evaluated in each of the above (1-4) Project Selection Groups

- A. Culturally specific org ownership / partnership
- B. Highest % of units serving Extremely Low-Income households
- C. Permanent supportive housing rent assistance + supportive service funding for people experiencing chronic homelessness

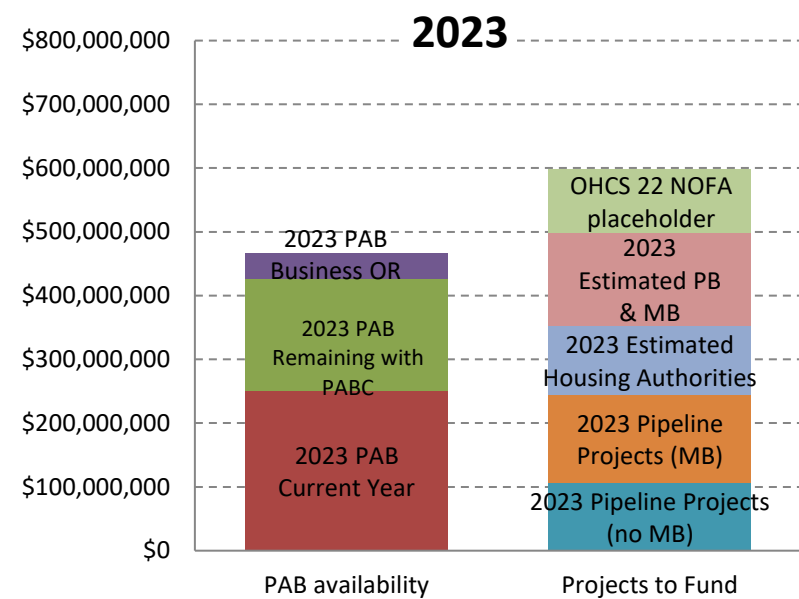
Application Process for 2023 PAB / 4% LIHTC

- A. Housing Authority Owned** project list with complete PAB need to be submitted to OHCS by August 31st 2022 by agreement
- B. 4% LIHTC projects that can close January – June 2023:** OHCS will open for 4% LIHTC Submission August 24th 2022.
 - A. Applications must be submitted by September 25th 2022 for consideration.
 - B. Submission to include complete Pro Forma (updated format with instructions published here: <https://www.oregon.gov/ohcs/development/Pages/nofa-four-percent-lihtc.aspx>)
 - C. OHCS will aim to publish lists of project applicants and project selections by October 25th 2022

Another round of projects will be solicited for later year closing if resources allow in the second quarter of 2023.

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PAB Pipeline Demand



- The demand for 4% LIHTC / PAB exceeds the PAB allocated to Oregon for the next several years.
- A 4% LIHTC is generated when a developer is able to finance at least half of the total project costs with tax-exempt debt, or Private Activity Bonds.
- The 4% LIHTC allows projects to engage an equity investor who pays up-front in order to use the federal tax credit; the equity from this exchange is designed to cover about 30 percent of the total project costs.

9% LIHTC Use



- Housing Stability Council approved the recommendation to use up to one year of the state's 9% LIHTC resource to help reduce PAB demand.
 - Unlike the 4% LIHTC the 9% credit does not require the use of PAB.

Application process

- **4% Projects pre-application acceptance letter or listed as a project under review:** On August 24, 2022 OHCS solicit 9% LIHTC pro formas from such projects that would be interested and willing to convert to a 9% LIHTC project.
- Must be submitted by September 25th 2022; an information session will be held by invitation to pipeline projects.
- Based on submitted applications, OHCS will recommend 9% LIHTC conversion for projects based on program fit as well as overall impact on the use of PAB.

