State of Oregon

Qualified Allocation Plan

For Low Income Housing Tax Credits

REVISED
January xx, 2022

OREGON HOUSING and COMMUNITY SERVICES

Approval of the State of Oregon
2022 Updated Qualified Allocation Plan
Low income Housing Tax Credit Program

I, Kate Brown, Governor of the State of Oregon, do hereby approve for implementation the 2022 Updated Qualified Allocation Plan that governs the federal Low Income Housing Tax Credit Program, as presented to me by the Oregon Housing and Community Services Department under the provisions of IRC Section 42, Executive Order EO-87-06 and OAR Chapter 813, Division 90.

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The Honorable Kate Brown, Governor of Oregon Date

EQUAL HOUSING OPPORTUNITY

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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 (or 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 Housing and Community Services Department (OHCS) as the administrator of the LIHTC Program.

OHCS 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 OHCS will use to determine its housing priorities,
- (ii) the preferences of OHCS in allocating housing credit dollar amounts among selected Projects, including:
  - (I) Projects serving the lowest income tenants,
  - (II) Projects obligated to serve qualified tenants for the longest periods, and
  - (III) Projects which are located in qualified census tracts and the development of which contributes to a concerted community revitalization plan, and
  - (IV) the procedures that OHCS will follow in monitoring for Program noncompliance, in notifying the IRS of such noncompliance and in monitoring for noncompliance with Project habitability standards through regular site visits.

Section 42(m)(1)(C) of the Code provides the selection criteria that must be used. The selection criteria set forth in a QAP must include:

- (i) Project location,
- (ii) housing needs characteristics,
- (iii) Project characteristics, including whether the Project includes the use of existing housing as part of a community revitalization plan,
- (iv) sponsor characteristics,
- (v) tenant populations with special housing needs,
- (vi) public housing waiting lists,

(vii) tenant populations of individuals with children,
(viii) Projects intended for eventual tenant ownership,
(ix) the energy efficiency of the Project, and
(x) the historic nature of the Project.

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.

The Plan has been revised for 2022. OHCS reserves the option to issue temporary public notices, rules, or other guidance through which, procedurally, OHCS will continue to efficiently administer the LIHTC Program, in a manner consistent with this Plan, and with OHCS's goals. Additionally, OHCS reserves the right to amend, modify, or withdraw provisions contained in this Plan that are inconsistent or in conflict with state or federal laws or regulations. In the event of a major: natural disaster, pandemic / epidemic, disruption in the financial markets, or reduction in subsidy resources available, including tax credits the Agency may disregard any section of the Plan, including point scoring and evaluation criteria, that interferes with an appropriate response.

The Oregon Housing Stability Council recommended the amended 2022 Plan contained on, Nov. 5, 2021. Public hearing will be held concerning the Plan on Dec. 3, 2021 after appropriate notice was provided.

Credit Overview

4% Low Income Housing Tax Credits

The State of Oregon is provided with access to tax credits that are only available to Projects that are financed using tax-exempt bond proceeds which are associated with Oregon's Private Activity Bond Authority. The tax-exempt bonds are subject to the volume cap limitations in Section 146 of the Code as further detailed in Section 42(h)(4)(A)and(B) of the Code.

The 4% LIHTC commitments will be made competitively. All projects requesting to be financed with tax-exempt private activity bonds will be subject to their availability and the following prioritization schedule outlined by the department:

1. Pairing 4% LIHTCs with competitive fund offerings in Notice of Funding Availabilities (NOFAs)
2. Rental Assistance Demonstration, HUD Section 18, and significant funding commitment from local jurisdictions such as the Portland/Metro Bond fund applications
3. 4% LIHTC applications will be prioritized based on key factors supporting alignment with the Statewide Housing Plan. Additional details will be included in a future update to the Qualified Allocation Plan as needed.

All applicants for 4% tax credits must meet Section 42 statutory preferences, including those required for allocation and persuant to IRS Code Section 42 (m)(1)(D), and must meet the threshold requirements described below.

(i) Standards of financial feasibility and viability;
(ii) Project monitoring procedures;
(iii) Program specific requirements of OHCS with a demonstrable comitment to complete the following work of the department's Equity and Racial Justice goal in mind:
    a. Diversity Equity and Inclusion Agreement (see page 19 for additional details);
    b. Minority, Women, and Emerging Small Business regional targets (see page 20 for additional details);
    c. Completion of the Management Agent Packet (MAP) which includes the Resident Servies Plan (RSP).

9% Low Income Housing Tax Credits

OHCS allocates all of the state's 9% LIHTC credit authority on a competitive basis, based on the selection criteria, preferences, and policies laid out in this QAP.

(i) the set-aside categories, their respective requirements, and the amount of the annual 9% LIHTC allocated to each are described below,

Set-Asides

% of 9 LIHTC	Set-Aside Category
10% requirement; across all set-aside categories	**Qualified Non-Profit** A qualified nonprofit (QNP) organization is an organization described in Section 501(c)(3) or Section 501(c)(4) of the Code and has as one (1) of its exempt purposes the "fostering of low-income housing."
10% set-aside; across all categories	**Qualified Culturally Specific Organizations/Developers** Defined as being a project sponsored or co-sponsored by and of financial benefit to an organization with the following characteristics: A) majority of members and/or clients are from a particular community of color; B) organizational environment is culturally focused and the community being served recognizes it as culturally-specific entitiy; C) the majority of staff are from the community being served, and/or the majority of the leadership are from the community being served; D) the entity has a track record of successful community engagement and involvement with the community being served; E) the community being served recognizes the entity as advancing the best interests of the community and engaging in policy advocacy on behalf of the community being served. Set-aside interpreted in accordance with 13 CFR § 142.103.
25% Set-Aside	**Preservation Projects Set-Aside** Defined as Projects with at least twenty-five percent (25%) of the residential units have federal Project-based rent subsidies AND the HUD Section 8 contract is expiring or the USDA Rural Development

	(RD) loan is maturing within 7 years, or RD restrictive use covenants have expired. OR Projects with public housing units undergoing a preservation transaction involving a comprehensive recapitalization. (note: for scattered site Projects with multiple locations, the 25 percent is calculated from all units in the transaction)
10% Set-Aside	**Tribal Lands Set-Aside** Defined as being an application sponsored or co-sponsored and of financial benefit to a tribal government, tribally designated housing entities or tribal corporate entities on tribal trust land. If this set-aside is not fully utilized, the balance of resources will revert to the Preservation Project Set-Aside.
65% Set-Aside	**Regional Pool Set-Aside;** Allocated by 5 year American Community Survey Data on severe rent burdened households and renter households with a head of household of color; to the following soft-Set-Aside Regions: Portland Metro Counties (HUD HOME Participating Jurisdictions of Clackamas County, Multnomah County, and Washington County) Non Metro HUD HOME Participating Jurisdictions (the cities of Eugene / Springfield, Salem / Keizer) Balance of State Urban (cities of Albany, Ashland, Bend, Central Point, Dallas, McMinnville, Medford, Newberg, Redmond, and Woodburn) Balance of State non-Urban/Rural (Balance of State) No region to be allocated less than $1 million in 9% LIHTC; if Balance of State Urban or Balance of State Rural are under-subscribed the remaining resources should first be moved to the other Balance of State region before going to the overall regional pool.

Determination of Credit Amount

The owner of a low-income housing property must certify to OHCS that the Project meets the minimum requirements of:

(i) 20 – 50 test under Section 42(g)(1)(A) of the Code,
(ii) 40 – 60 test under Section 42(g)(1)(B) of the Code, or
(iii) Income Averaging test under Section 42(g)(1)(C).

OHCS will make the financial feasibility and viability determination required under Section 42(m)(2)(A) for all 4% and 9% LIHTC allocations. The Code requires OHCS to allocate only what is necessary for financial feasibility throughout the extended use period. OHCS will evaluate each proposed Project taking into account relevant factors, including but not limited to the following items:

(i) Project cost, including the reasonableness of cost per unit, developer fees and overhead, consultant fees, builder profit and overhead, and syndication costs;
(ii) Sources and uses of funds and the total financing planned for the Project, including the ability of the Project to service debt;
(iii) The proceeds or receipts expected to be generated by reason of tax benefits;
(iv) The use of federal funds and other assistance; and
(v) Other factors that may be relevant to the economic feasibility of the Project such as the area economy or the housing market.

Based on this evaluation, OHCS will estimate the amount of tax credits to be reserved for the Project. This determination is made solely at OHCS' discretion and is in no way a representation as to the actual feasibility of the Project. Rather, it will serve as the basis for making reservations of tax credits for Projects competing for credit from the federal housing credit ceiling, or it will serve as an initial determination of credit amount with respect to a Project financed by private activity bonds. The amount of tax credits may change during the allocation process due to variations in cost, mortgage amount, tax credit percentage, syndication proceeds, etc. The final tax credit determination is made solely at OHCS' discretion at the time of final application and prior to the issuance of IRS form 8609, (Low-Income Housing Credit Allocaiton and Certification) as detailed in **LIHTC Requirements and Processes** Section of this QAP, Placed-In-Service Allocation Requirements.

If there is a material increase in LIHTC pricing subsequent to a reservation Tax Credits, OHCS reserves the right to adjust the amount of a tax credit award or any other OHCS funding source. OHCS may use the following guidelines for avoiding Project over-subsidization. Subject to the approval of OHCS, the increase may be used:

(i) To decrease rents.
(ii) To reduce the permanent loan, sponsor loans, tax credit allocation or other OHCS funding sources as determined by OHCS in consultation with the Owner.
(iii) A portion of the increase may be used for necessary justifiable cost increases or to reduce deferred developer fee, as allowable per the Code.

Pursuant to Section 42(m)(1)(A)(iii) of the Code, a comprehensive market study of the housing needs of low-income individuals in the area to be served by the Project is conducted before the credit allocation is made and at the developer's expense by a disinterested party who is approved by OHCS.

Applying for Credits

Project Charges

When applying for or receiving any Program funds, the Applicant must pay applicable charges, as adopted by the Oregon Housing Stability Council. These charges include, but are not limited to, application charges, recipient charges, reservation fee, and compliance charges. The Housing Stability Council adopted charges will be posted on any development application website.

4% LIHTCs/Conduit Bond Application Timing/ Process

When OHCS accepting applications for the 4% LIHTCs / Conduit Bonds, a two-part process has been established to clarify and expedite the processing of those transactions.

(i) A preliminary assessment application is required to accomplish the following:
  a. Identify any potential deficiencies within the application early

b. Set an Intent Resolution (if using OHCS bonds)

c. Determine a specified due diligence need lists to submit along with required materials for the part two application

d. Set a due date for the part two submission application materials

(ii) A complete 4% LIHTC application, along with the specified due diligence needs list items identified at the preliminary assessment stage, must be submitted to OHCS prior to approval of the funding request.

a. The Project must close on the construction financing within 180 days of the 4% LIHTC application acceptance letter issuance date.

OHCS reserves the right to waive, change or alter any timelines, processing and other QAP requirements at its sole discretion, to encourage and/or facilitate the financing of tax-exempt and 4% financed projects including, but not limited to: implementing application pauses and blackout dates.

9% LIHTCs/ Notice of Funding Availability (NOFA) timing/ process

9% LIHTCs are offered on a competitive basis structured as a Notice of Funding Availability (NOFA) and is made available one time a year, most often in January. The NOFA reflects the threshold and competitive criteria laid out in this QAP.

(i) Any NOFA will include a pre-application that:

a. Determines eligibility for 9% LIHTC basis boost, and

b. Provides Applicants early insight on some portion of established competitive scoring criteria.

Failure to submit a pre-application by deadline established in NOFA will remove a Project from consideration.

a. Each Application will be reviewed for timeliness and completeness of the NOFA requirements. The following are pass/fail criteria; meaning if the requirement is not met the Project will be disqualified and not considered for funding reservation:

~~i. NOFA Cover sheet submitted by due date and time~~

~~i.~~ii. Application and Charge Transmittal form and payment of application charges.

~~ii.~~iii. Owner/Board of Director’s Authorization and Acceptance form;

~~iii.~~iv. Organizational documents;
~~iv.~~v. Diversity, Equity and Inclusion (DEI) agreement;
~~v.~~vi. Complete NOFA application with required exhibits; and
~~vi.~~vii. Certification of Pre-Application submission.

If OHCS 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 OHCS to submit the required information. At the discretion of OHCS, 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), OHCS may disqualify the Application.

NOFA applications that pass administrative review will be reviewed for threshold and then competitive scoring elements. They will be ranked within the set-aside groups and prioritized for funding recommendation.

9% LIHTCs/Notice of Funding Availability (NOFA) Ranks and Tie Breaking

(i) Applications are first ranked within each Set-Aside Category. Applications that have the highest score within each Set-Aside Category will be recommended for funding as allocated resources allow. If Applications within a set-aside do not score well enough to be funded (as prescribed in the applicable Notice of Funding Availability - NOFA), or if there are no projects to fund within a set-aside category, the set-aside category funds will be put back into the statewide pool, with the exception of the Tribal Set-Aside which will first be directed to the Preservation Set-Aside before returning to statewide availability. Once remaining resources are pooled, Applications will be ranked statewide by overall score, and additional reservations may be issued until the balance of available LIHTCs or other OHCS funding sources are not adequate to support any other Applications. If LIHTCs and/or other OHCS funding sources remain after all reservation processes are complete, OHCS may choose at its sole discretion, whether or not to award any or part of the remaining LIHTCs/resources.

(ii) 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:

a. If the tied Projects are in different Set-Aside Categories or Regions and more than fifty percent (50%) of the remaining funds comes from one of those Set-Aside Categories; that Project will be funded.

b. If the tied Projects are in the same Set-Aside Category or Region, or from a Set-Aside Category or Region whose allocation contributes less than fifty percent (50%) of the remaining funds, the Project serving households with the lowest Average Median Family Income served will be funded.

c. If the Average Median Family Income is tied, the Project with the lowest LIHTC per bedroom will be funded.

Returned and Unused LIHTC Allocation Authority

(i) **Reissuing Returned Awards**: If an application being considered for a LIHTC Reservation or Allocation withdraws or is cancelled; or available credits were not originally allocated during the funding cycle or can't make its carryover requirements, or National Pool is awarded above current allocations, OHCS, may do any of the following:

a. Fund the next highest ranking Application from the current funding cycle that matches, or is closest to, the amount of LIHTCs and other OHCS 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 OHCS has published the Application Rankings, they 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 NOFA. 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.

b. OHCS may issue a Request For Proposals (RFP), or special application process for Projects to compete for the unused LIHTCs.

c. Add the returned amount to the total available to the following calendar year's application-award cycle.

To the best of its ability, OHCS will maintain the desired funding split between Set-Aside Categories. Applications will remain eligible for the funding cycle under which the application was made for LIHTCs, only if the Applicant has not applied as a four percent (4% LIHTC Project.

(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 OHCS's reasonable discretion.

(iii) **Agency authority to use discretion**: In the event of a re-evaluation of Reservation, OHCS, at its reasonable discretion, may do any of the following:

a. Revoke the Reservation.

b. Approve requested changes to the original Reservation or Application as proposed

c. Take no action.

Minimum Thresholds for Application– 4% and 9% LIHTC

OHCS has the following Minimum Threshold Requirements (Thresholds) for evaluating Applications. The Applicant must demonstrate in the Application compliance with all applicable Thresholds. Failure to pass any of the Thresholds may disqualify the Application from scoring and therefore from receiving any funding. Additionally, the Applicant must submit a complete, legible, and executed Application satisfactory to OHCS. The Applicant must submit all required attachments and the appropriate Application charge by the deadlines, established by OHCS and must use OHCS's Application forms.

(i) **Long Term Affordability**: All competitively awarded 9% LIHTC housing tax credit Projects must remain affordable for 60 years and 4% LIHTC housing tax credit Projects must remain affordable for 30 years.

Violence Against Women Act: In conformity with the Violence Against Women Act (VAWA) of 2013, an Applicant for or tenant of housing assisted under the LIHTC Program may not be denied admission to, denied assistance under, terminated from participation in or evicted from the housing on the basis that the Applicant or tenant is or has been a victim of domestic violence, dating violence, sexual assault or stalking, if the Applicant or tenant otherwise qualifies for admission, assistance, participation, or occupancy. An incident of domestic violence, dating violence, sexual assault or stalking shall not be considered a lease violation by the victim, nor shall it be considered good cause for an eviction. If a tenant who is a victim requests an early lease termination, lease bifurcation from the abuser, or transfer to another unit because she/he is in danger, a LIHTC owner, manager, or agent thereof shall make every effort to comply with the request and shall not penalize the tenant.

(ii) **Waiver of Qualified Contract**: By submitting an application for LIHTCs, all LIHTC Applicants waive the right to request a qualified contract under Section 42(h)(6)(E)(i) of the Code. Thus, OHCS required extended use commitment shall not terminate at the end of the compliance period, but is instead a minimum of 60 years for 9% LIHTCs and 30 years for 4% LIHTCs transactions.

Diversity, Equity, and Inclusion (DEI) Agreement: All applicants are required to enter into an agreement to commit their organizations to doing work and reflection to enhance diversity, equity, and inclusion practices throughout their organizations. The signing of an OHCS Diversity, Equity, and Inclusion (DEI) Agreement includes registering with the OHCS Equity, Diversity, and Inclusion Office and an informal discussion to discuss the approaches to this work.

Minority, Women, and/or Emerging Small Business (MWESB) Engagement: All Applicants will be required to identify ways and/or targets they will use to contract with MWESB contractors/subcontractors in the construction and operation of the proposed

Project.

The OHCS MWESB Manual can be located at: https://www.oregon.gov/ohcs/development/Pages/mwesb-sdvbe-rental-housing.aspx

Below is a timeline for submission of OHCS MWESB Equity reports for all OHCS funded projects:

Reporting:
- Initial MWESB Equity report (4% LIHTC projects tier two requirement)
- Housing Stability Council Report
- MWESB Equity quarterly report
- Final MWESB Equity Report (Final application)

Awardees are required to submit a report to OHCS demonstrating outcomes of their efforts to contract with MWESB contractors/subcontractors, using state registry, in their final application prior to the issuance of the Form 8609.

Minority, Women, and / or Emerging Small Businesses (MWESB) contractors are those registered with the State. (http://www.oregon4biz.com/How-We-Can-Help/OMWESB/)

(iii) **Asset Management Compliance and Project Monitoring**: As the authorized allocating agency for the State of Oregon, OHCS is responsible for monitoring the Project for compliance with Section 42 of the Code, corresponding Treasury regulations, and any other applicable IRS guidance (rulings, procedures, decisions, notices, and any other applicable IRS guidance), the Fair Housing Act, State laws, local codes, OHCS loan or regulatory documentation, and any other legal requirements as determined to apply by the Department in its sole discretion. OHCS may, at any time, adopt and revise standards, policies, procedures, and other requirements in administering the LIHTC Program. Owners must comply with all such requirements if implemented after the QAP is approved.

OHCS is responsible for establishing compliance, monitoring procedures, and is required by law to report noncompliance to the IRS. Monitoring each Project is an ongoing activity that extends throughout the affordability and through the extended use period (a minimum of 30 years). Projects with funding sources obtained from OHCS, 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. OHCS's LIHTC Compliance Manual is incorporated via reference and may be found at http://www.oregon.gov/ohcs/Pages/compliance-monitoring-manual-lihtc.aspx

OHCS 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 OHCS 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 reasonably necessary action to allow OHCS to inspect housing units occupied by residents.

(iv) **Program Compliance:** All Projects must satisfy the Program Requirements for all applicable OHCS funding sources requested. Each OHCS funding source has separate requirements, which can be found in supplemental Program manuals.

(v) **Relocation Plan**: If any relocation or displacement of existing tenants might occur because of an Allocation, the Application must contain a relocation plan satisfactory to OHCS and include, among other things, a complete survey of existing tenants. OHCS's LIHTC Compliance Manual is incorporated via reference and may be found at http://www.oregon.gov/ohcs/Pages/compliance-monitoring-manual-lihtc.aspx This survey must use the format provided by OHCS, be augmented to include third party income verification, and be completed and approved by OHCS prior to the Equity Closing.

(vi) **Ownership Integrity**: OHCS may reject an Application where the Applicant or any member, officer, or principal within the Project ownership, management, or development team:

i. Is currently under investigation by a public body, has a pending claim, indictment, suit, action, or other proceeding against them

ii. Has been convicted of or been determined by an administrative or judicial (whether criminal or civil) order or judgment to have committed fraud, misrepresentation, theft, embezzlement, or any other act of moral turpitude (including, but not limited to any felony or malicious behavior) within the previous ten 10 years

iii. Has been involved in a bankruptcy proceeding within the previous five (5) years

iv. Has been debarred or otherwise sanctioned by OHCS

(vii) **Single-Asset Ownership**: OHCS requires that the Project will be owned by a single-asset entity duly organized under the laws of the State of Oregon, or if allowed, duly authorized to conduct business in the State of Oregon.

(viii) **Extended Use Agreement (REUA)**: Applicants that receive OHCS Allocations must enter into a Reservation and Extended Use Agreement (REUA), satisfactory to OHCS, which includes executing and recording, at the Applicant's expense, a follow-on declaration of restrictive covenants and executing and recording other documents about the Project satisfactory to OHCS. The provisions of the REUA, including the declaration of restrictive covenants, will apply throughout the applicable "Affordability Period," which includes the initial fifteen (15) year compliance period, and an additional "extended low-income use period" as referenced in the project's restrictive use agreements.

(xi) **Right of First Refusal (ROFR):** OHCS hereby reserves the right to require any and/or all the following with respect to applications:

(i) provisions to be included in the Applicant's organizational documents limiting transfers of partnership or member interests or other actions detrimental to the continued provision of affordable housing.
(ii) a letter of intent from a tax credit investor that clearly grants to a qualified not-for-profit organization a right of first refusal to purchase the project for a below-market purchase price (the "ROFR Purchase Price"), following the expiration of the tax credit compliance period, in accordance with Section 42(i)(7) of the Code (the "ROFR")
(iii) terms in the extended use agreement requiring notice and approval by OHCS of transfers of partnership or member interests.

(v) debarment from the program of project sponsors, investors, syndicators, or lenders having demonstrated a history of conduct detrimental to long-term compliance with extended use agreements, whether in Oregon or another state, and the provision of affordable tax credit units; and
(vi) provisions to implement any amendment to the IRC or implementation of any future federal or state legislation, regulations, or administrative guidance.

The decision whether to institute, and the terms of, any such requirements shall be made by the department as reasonably determined to be necessary or appropriate to achieve the goals stated in this paragraph and in the best interest of the plan.

(ix) **Placed-In-Service Allocation Requirements**: All LIHTC Applicants are required to complete a Final Application containing required documentation. Any changes from the Equity Closing are subject to OHCS review and approval prior to the issuance of IRS Form 8609. Projects with excess funds will return those funds to one or more of the public funders upon Project completion. Other OHCS resources will have a priority for return upon the determination of excess funds for the Project.

OHCS will accept and process Final Application documents and issue IRS Form 8609(s) throughout the year. Commercial costs should be separated from the Cost certification in an individual column or deducted from the total Residential costs. In either circumstance, the uses pages should identify both components of cost separately. 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 the Owner expects to receive the IRS Form 8609(s).

Upon completion of the Project, for 4% LIHTC Projects, the Borrower will provide to OHCS an analysis of the breakdown of the bond-funded costs for the Project, to meet the federal tax requirements described in the Project’s Tax Certificate and Agreement (or other similar document) in a form certified by an authorized representative of the Borrower (commonly referred to as a “Good Costs Certificate”), together with more detailed backup information as requested by OHCS and/or Bond Counsel.

(x) **Project Changes**: An Applicant must notify OHCS in writing of, and obtain its written consent to, any material changes in a Project. An Applicant must notify OHCS when a material change is first identified. OHCS will endeavor to respond within thirty (30) days after notice of a material change with respect to its requested consent. OHCS 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 OHCS uses to competitively rank Projects.

OHCS will determine whether a change in a Project is material. OHCS's materiality determination is final.

The written request for approval of a material change in a Project must include a narrative description and other supporting documentation, plus the applicable revised pages of the Application. If OHCS 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.

(xi) **Cost Savings Clause**: Construction contracts that include any provision for cost savings that are to be retained by the general contractor or split with the Project Applicant are not permitted.

(xii) **Project Transfer or Assignment Requiring OHCS Consent**: A Project transfer or assignment requiring OHCS consent includes 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 OHCS and the Applicant or Project Owner are parties.

- The following transfers or assignments do not require the prior written consent of OHCS:
  - The grant of a security interest or lien junior to the interest of OHCS; or
  - The issuance, redemption, or transfer of stock or shares of a corporation that is not a closely held corporation.

(xiii) **Process and Requirements for Obtaining OHCS's Consent**: The first step in obtaining OHCS's written consent is to advise OHCS in writing of the proposed Project transfer or assignment. At a minimum the Applicant should describe:

- The name of the Project.
- The names of the Applicant and/or the Owner, the proposed transferor and transferee, and all other relevant parties.
- A complete description of the proposed transfer or assignment, including the proposed effective date; and
- Special circumstances related to the proposed transfer or assignment.

After receiving the written request, the Applicant will be advised of OHCS's requirements and conditions that must be satisfied 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 Qualified Non-Profit, any transfer or assignment must be such that the Project continues to qualify for applicable set-aside.

(xiv) **Construction Closing**: For 9% LIHTC transactions, the Applicant must give OHCS 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 Applicant must submit to OHCS the Project's final development budget, final sources of funds, and documentation to substantiate the final budget.

For 4% LIHTC transactions, the Applicant must give OHCS the Project's final development budget, final sources of funds, and documentation to substantiate the final budget items ten (10) days prior to submission to OHCS Finance Committee for approval.

(xv) **Market Study**: Applicants must submit a complete market analysis prior to receiving a 9% LIHTC or 4% LIHTC allocation. The deadline for submission will be published within each NOFA or application. Applicants should read and refer to the LIHTC Market Analysis Guidelines for a full description of Department policies and guidelines. The Market Analysis Guidelines can be found at https://www.oregon.gov/ohcs/HD/HRS/CFCApp/Market_Analysis_Guidelines.pdf

(xvi) **OHCS Sustainable Development Standards**: All Projects receiving funding via Department administered Programs must demonstrate a commitment to sustainable design and construction practices. In addition to the Baseline Project Requirements defined in Core Development Manual (CDM), OHCS requires funded Projects to comply with the three OHCS Sustainable Development Standards (SDS) listed below:

- Modules: SDS Module 1: OHCS Approved Sustainable Building Path.
- SDS Module 2: OHCS Solar-Ready Requirement.
- SDS Module 3: OHCS Electric Vehicle (EV)-Ready Requirement.
- Applicants should read and refer to the CDM for a full description of Department policies and guidelines.

The CDM can be found at:
https://www.oregon.gov/ohcs/development/Documents/Core-Development-Manual/CDM-Version-3-1.pdf

(xvii) **Identity of Interest**: Applicants must disclose and describe to OHCS all specific Identity of Interest. Identity of Interest is defined as a financial, familial, business, or similar relationships that permits less than arms' length transactions among the parties participating in the development or operation of the Project (i.e., whether an “Identity of Interest” exists). Such disclosures shall be made when Requests are filed and at such other times during the development and operation of Projects and processing of Requests as requested by OHCS.

(xviii) **Misrepresentation and Fraud**: OHCS may disqualify an Applicant, Project, or cancel a funding, if the Applicant, a Principal, or any representative of either makes a material misstatement, omission, or misrepresentation to OHCS, is under investigation, or has been convicted of or is currently indicted for fraud, theft, or other criminal activity involving the misappropriation of funds, false certifications, financial improprieties, or the like. OHCS, in its sole discretion, may also exercise any and all other remedies available under the Program Requirement, or otherwise available to it by law.

9% LIHTC – Criteria Elements

General Criteria

(i) **9% LIHTC Project Cap**: No Applicant may receive more than 20 percent of any annual tax credit allocation. If additional Projects have been submitted and score such that they are eligible for funding and are in excess of 20 percent of the total LIHTC funds available, the lower scoring Project(s) will not be funded. No Applicant may receive more than an average of 15 percent of annual tax credits over any two sequential year's allocations.

For example, if an Applicant receives 20 percent of funds in year one, they would only be eligible for 10 percent in year two. OR, if a Applicant receives 15 percent of funds in year one, they would only be eligible for 15 percent in year two. If additional Projects have been submitted and score such that they are eligible for funding and are in excess of the percentage of the LIHTC available, the lower scoring Project(s) will not be funded.

Removal of the "Requests over 10% 9% LIHTC Verbage

(ii) **9% LIHTC Restriction**: Projects that have been funded with 9% LIHTC in 2019 or thereafter are not eligible to apply for additional 4% or 9% LIHTC within 20 years of the Project's Placed-In-Service date. Exceptions may be granted at the sole discretion of OHCS in cases where it determines there is a risk of physical, affordability, or other loss.

(iii) **HUD 811**: All Applicants for 9% LIHTC may be required, at the discretion of OHCS, to implement a Housing and Urban Development (HUD) 811 Demonstration, including the use of HUD's Tenant Rental Assistance Certification System (TRACS) to submit tenant certifications and electronic vouchers for payment. More information can be found at the HUD 811 Demonstration website:
https://www.hud.gov/Program_offices/housing/mfh/progdesc/disab811.

(iv) **Housing and Economic Recovery Act of 2008 (HERA) Basis Boost**: Pursuant to HERA and subject to update should federal regulation permit, OHCS has the authority to increase the eligible basis for 9% LIHTC Project buildings to 130 percent of the eligible basis, for 9% LIHTC Projects, when OHCS determines that the financial feasibility of the building requires it. OHCS has determined that the financial feasibility of Project buildings meeting the criteria below may require a basis boost of up to 130 percent.

- Rural Projects defined as communities with population of 15,000 or less, outside of the Portland Urban Growth Boundary, in counties within Metropolitan Statistical Areas (Benton, Clackamas, Columbia, Deschutes, Jackson, Marion, Multnomah, Polk, Washington, and Yamhill Counties) and in Communities with population of 40,000 or less in the balance of the state.
- Preservation Projects.
- Projects serving permanent supportive housing goals.
- Projects sited on tribal lands.
- Projects with at least twenty percent(20%) of the units restricted to LIHTC Extremely Low (30%) rents and income limits.
- Projects that are located in Transit Oriented Districts (TOD's) as designated by local governments
- Projects that result in the de-concentration of poverty by locating low-income housing in low poverty areas, which are Census Tracts where 10 percent or less of the population lives below the poverty level.

(v) **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 the OHCS LIHTC Compliance Manual: https://www.oregon.gov/ohcs/Pages/compliance-monitoring-manual-lihtc.aspx.

Readiness to Proceed

(i) **Zoning**: The Project must be properly zoned for the type of intended Project. The Applicant must provide the Certification of Zoning executed by the appropriate zoning authority to verify this.

(ii) **Site Control**: Applicant must have control of the land and other real property necessary for the Project by Application deadline as evidenced by one (1) of the following:

a. Recorded deed or conveyance showing the Applicant has Ownership,
b. Valid purchase and sale agreement,
c. Valid option to purchase,
d. Valid option for a long-term lease (lease must be approved by Oregon DOJ),
e. Any other evidence satisfactory to OHCS.

(iii) **Federal Resources Status**: If the Applicant has identified additional federal resources, such as rental or capital assistance from HUD, RD, or the Veteran's Administration (VA, as part of the funding structure, the Applicant must provide evidence satisfactory to OHCS that an application for these resources has been submitted and remains active. For RD this would mean a pre-Application Consultation Letter that includes a summary of the contact and understanding established to-date as well as expectations about the next steps in the process.

(iv) **Development Schedule**: Within the development schedule provided, the Applicant must be able to meet the required deadlines for applicable LIHTC, HOME, Gap, and OAHTC. 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 time frames. These deadlines are published in the appropriate OHCS Program manuals.

(v) **Environmental Site Checklist**: Applicants must have identified if there is any adverse environmental or site information indicated on the Project Site Checklist revealed during the OHCS Representative visit to the site or otherwise. The deadline for scheduling the site visit will be announced, and the Project Site Checklist published at least 90 days in advance of the deadline for submission. If you did not contact an OHCS Representative before the deadline for submission, the application will be considered non-responsive and will fail Threshold Review.

(vi) **Development Team Capacity**: In order to meet the threshold for development team capacity, the Applicants must demonstrate that the Applicant, the developer, the Project management consultant, the general contractor, the developmetn consultant under contract and/or other persons or organizations materially involved in the Project as:

a. Successfully completed a multi-family housing project of a comparable number of housing units, of similar complexity, and for a similar tareget populaiton as the proposed project.
b. The necessary level of staffing and financial capacity to succesfully manage development and operations of its current Project portflolio including, but not limited to, all current and pending Proejcts and Applications.
c. Successfully completed previous Projects for which a similar Program allcoation was received in Oregon or other states.

9% LIHTC – Scoring Selection Criteria

This section applies to 9% LIHTC competitive applications only.

New Construction and Acquisition / Rehabilitation Scoring:

	Scoring topic	Scoring Criteria: New Construction / Acq/Rehab
State Priority	Either Permanent Supportive Housing (PSH)	Up to 2 points for including PSH units in the Project (minimum 5 units, incentive up to 25% of total affordable units)
		1 point for having participated in OHCS provided PSH training and technical assistance
		1 point for commitment of supportive tenancy service resources.
		1 point for demonstrated experience in owning PSH affordable housing; managing PSH affordable housing; providing services in PSH affordable housing
	PSH total	**5 points**
	OR Family Sized Units	up to 3 points for the inclusion of units with 3 or more bedrooms (minimum 5 units, incentive up to 15% of total affordable units)
		up to 2 points for the inclusion of units with 2 or more bedrooms (minimum 12 units, incentive up to 45% of total affordable units)
	Family Sized Units	**5 points**
	Special Needs Target Populations	up to 4 points for including targeting of special needs populations (broadly defined) in 10 -25% or more of the total affordable units
	Special Needs Target Populations	**4 points**
	Federally Declared Disaster Areas	In consultation with the Oregon Housing Stability Council, up to 5 points may be allocated to projects located in Federally Declared Disaster Areas that have had a wide-ranging impact on housing supply.
	Federal Disaster Areas	**5 points**
State Priority Total		**14 points**

	Location Need Severity Data	1 point if Severe Rent Burden higher than state/region
		1 point if there is a higher percentage of low-income renters than available low-income housing stock available in geography compared to state/region.
		1 point for location in a Qualified Census Tract with a Concerted Revitalization Plan; demonstrated through investment of public resources into capital improvements of residential, commercial, or infrastructure.
		1 point for ratio of Affordable Housing Inventory To 60% AMI Households
	Location Need Severity	**4 points**
	Location Opportunity & Environmental Factors	
		1 point if not in a USDA food desert
		1 point if has access to Parks & Public Space
		1 point if a project is in a census tract where 50% or more of households earned more than 100% of the area median income in the last three consecutive years for which data is available, **and** the poverty rate is less than or equal to 20% during the same period.
		1 point for access to School / Education / Library / Workforce Training
		1 point in Urban Areas for being in a TOD or being within 0.25 miles of fixed transit stop.
		1 point in Rural Areas for access to transit options
		Max -2 points for Projects sited in Balance of State – Urban and Rural that are in tracts with greater health risks due to environmental factors compared to the rest of the state, as defined by the Environmental Protection Agency's Environmental Justice Screening and Mapping Tool Max -3 points for projects sited in Metro and Non-Metro HOME PJs that are in tracts with greater health risks due to environmental factors compared to the rest of the state, as defined by the Environmental Protection Agency's Environmental Justice Screening and Mapping Tool
	Location Opportunity & Environmental Factors	**5 points**

		This scoring will compile data considering various aspects of a neighborhood including its income profile, vulnerable people, precarious housing location, housing market activity, and neighborhood demographic change. Through these factors we can arrive at a neighborhood gentrification typology. This typology will be the basis of an assigned score.
		Data Considered for Income: Low Income Households and Household Income
	Vulnerable Gentrification Areas	**Data Considered for Vulnerable People:** BIPOC demographics, Limited language proficiency figures, persons with disabilities, female-headed households, individuals 65 years and older.
		Data Considered for Housing: Multifamily Units, Housing built before the 1970s, Median Rent, Rent Change, Median Home Values, Home Value Change
		Data Considered for Neighborhood Demographic Change: Change in BIPOC, change in educational attainment, change in homeownership, change in household income
	Vulnerable Gentrification Area	**8 points**
	Location Related Total	**17 points**
		1 point in Urban Areas and up to 2 points in Rural Areas for including analysis of underserved population demographics in determining outreach strategies
		1 point for including partnership with local service / referral agencies in reaching underserved populations to build the Project wait list.
	Affirmative Fair Housing Marketing	Up to 2 points for using two or more referral and advertising methods.
		Up to 2 points in Urban Areas and 1 point in Rural Areas where Referral and outreach organization partner is culturally responsive
		Up to 1 point for implementing low-barrier tenant screening

	Affirmative Fair Housing Marketing	**7 points**
	Resident Services	1 point in Urban Areas and up to 2 points in Rural Areas for comprehensive Resident Services Plan submitted; scaled needs to the target population
		1 point for incorporating asset building strategies into service delivery; including but not limited to IDA Program and financial planning where appropriate for target population or workforce training and eviction prevention where appropriate
		1 point for funding resident services staff or resources for referral agency
		1 point for including performance tracking and reporting of data
		Up to 3 points in Urban Areas and up to 2 points in Rural Areas where Service provider is culturally responsive
	Resident Services	**7 points**
Partnerships Total		**14 points**
	Rents: Serving Lowest Income - AGMI	Up to 5 points for Rents serving the lowest AMI; scaled
	Serving Lowest Income - AGMI	**5 points**
	Serving Lowest Income - RA	Up to 3 points for having Project based rental assistance; scaled
	Serving Lowest Income - RA	**3 points**
	General IRS Section 42 Requirements	1 point for: Intended for **eventual tenant ownership.**
		1 point for: Projects that demonstrate comprehensive deployment of **energy efficient** beyond the element required by the Core Development Manual (CDM).

		1 point for: Application for Projects that demonstrates evidence of **historic value for the community**, including Projects using the federal Historic Tax Credit (HTC) as part of the Project financing, and are; Listed, or have been determined eligible for listing, in the National Register of Historic Places administered by the U.S. Department of the Interior in accordance with the National Historic Preservation Act of 1996; or Located in a registered historic district and certified by the Secretary of the U.S. Department of the Interior as being of historic significance to that district.
		1 point for: Projects with supporting documentation from a local Housing Authority that an establish **commitment to market the unit to their wait list** is in place at the time of the application due date.
	General Federal Preferences	**4 points**
Federal Preferences		**12 points**
	Federal Subsidy Leverage	Up to 2 points: Committed leverage of HOME and/or CDBG Funds; in Balance of State Projects with the acceptance of HOME as gap funding source is included in application for funds; this also includes those Projects in Participating Jurisdictions that also award Tax Increment Financing (or another OHCS approved place-based economic development funds) that are awarded by Participating Jurisdictions in lieu of HOME for gap funding sources.
		Up to 2 points: Use of National Housing Trust Funds to fund 30% AMI
	Federal Subsidy Leverage	**4 points**
	Cost Effectiveness	Up to 1 point: Total Development Cost, excluding acquisition costs, per bedroom that are in the lowest half of the applicants in the set-aside or regional pool. Projects competing in the same allocation round region will be grouped together based on building type to determine the average per bedroom total cost per unit basis and tax credit per bedroom (only counting bedrooms in Program assisted units according to following).

	Cost Effectiveness	**1 point**
	LIHTC Effectiveness	Up to 3 points: Total LIHTC requested per bedroom. Projects competing in the same allocation region or set-aside and building type will be grouped together to determine the average per bedroom total cost per unit basis and tax credit per bedroom (only counting bedrooms in Program assisted units); points will be attributed based on relative LIHTC subsidy per bedroom.
	LIHTC Effectiveness	**3 points**
Funding Efficiency Total		**8 points**
	Financial Viability	up to 5 points: Development pro forma review a. Pro forma includes only realistic and available resources on the Sources of Funding. Capital fundraising campaigns are not considered realistic and available resources. Any inclusion of resources that are unrealistic or unavailable will result in a score of minus five (-5) points in this category. b. Explanation of how the development budget will still be valid at the start of construction. c. Relocation Plan completed if warranted and aligns to development budget. d. Developer Fee is within the OHCS maximum allowable. e. If Uniform Relocation Act (URA), the budget line item accurately reflects the Project cost based on the sufficient Relocation Plan. f. If Commercial Real Estate is included in the Project, Sources and Uses are provided on a separate pro forma page.

		Up to 5 points: Operating pro forma review a. Affordable rents at least ten percent (10% below estimated market rents. b. Debt coverage ratio is a minimum of 1.15:1 for hard amortizing debt or as adequately explained. When utilizing OAHTC funds, the minimum debt coverage ratio is required to be met after the OAHTC pass through is applied. c. Cash flow within OHCS guidelines or adequately explained (1.30 or below, unless adequately explained or declining cash flows require a higher debt coverage). d. Vacancy rate at seven percent (7%) or adequately explained if different. e. Submitted reserves for replacement analysis and included adequate amount for replacement items in pro forma. f. Income inflation factor is less than expenses inflation factor. g. In a mixed-use Project, no commercial income may be used to support the low-income residential Project
	Financial Viability	**10 points**
	Readiness to Proceed	Up to 2 points: Funding commitment for planned Project funds.
		1 point: If funding commitment is pending (aside from Rural Development); explanation of when other sources of funds will be available to the Project if not already committed is reasonable.
		1 point: Demonstrated ability to begin construction within 12 months.
		1 point: Proposed Project schedule appears adequate and reasonable.
		1 point: Explanation of why Project must be funded now as opposed to future NOFAs is reasonable.
	Readiness to Proceed	**6 points**
Project Readiness Total		**16 points**

	MWESB Capacity	Up to 4 points: Plans to engage MWESB * All Applicants will be required to identify ways and/or targets that they will utilize to contract with MWESB contractors/subcontractors in the construction and operation of the proposed Project. Awardees will be required to submit a report to OHCS demonstrating outcomes of their efforts to contract with MWESB contractors/subcontractors, using state registry, in their final application prior to the issuance of the Form 8609.
	MWESB Capacity	**4 points**
	Development Team Experience	Up to 2 points: General Partner or Development Consultant with successful LIHTC Projects that have received 8609s within the last 10 years on at least 2 Projects.
		1 point: General Partner with successful LIHTC Projects that have received 8609s within the last 10 years on 3 or more Projects.
		negative 1 point: General Partner that has been removed from a partnership or faced foreclosure proceedings.
	Development Team Capacity	**3 points**
	Performance	Up to 2 points: OHCS Portfolio Compliance Criteria i. Most recent Real Estate Assessment Center (REAC) score. ii. Most recent Physical Review. iii. Most recent File Review. iv. Most recent Resident Services Review. v. Most recent Response Review. vi. Certification of Continuing Program Compliance (CCPC) submission received for current year shows compliance; vii. Ongoing compliance issues.
		Up to 3 points: OHCS Portfolio Viability Criteria i. Financial submission as requested. ii. Most recent financial audit is closed. iii. Most recent audited financials Debt Coverage Ratio. iv. Asset management community evaluation completed satisfactorily.
	Performance	**5 points**

	Development History	negative 5 points: Prior poor development performance; negative points to development teams that have had documented material changes from Project application that received a funding reservation to placed in service.
Development Team Capacity Total		**12 points**
Total Points Available	**93 points**	

Preservation Scoring:

Scoring topic	Scoring Criteria: Preservation
Expiration date	up to 20 points for Projects preserving rental subsidies in rural and urban areas due to expire, or have RD mortgages mature, within 36 months from the due date of application. Applicants must submit supporting documentation that clearly demonstrates the rent assistance loss within 36 months. Up to 10 points for Projects with expirations, or mortgage maturity, within 60 months.
Risk of Expiration Total	**20 points**
Vulnerable Tenant Displacement	up to 5 points, scaled scoring, for the percentage of the Project occupied by vulnerable population (frail elderly, disabled, large families, special needs populations, service dependent) who would face hardships from relocation
Extremely Low Income	up to 5 points, scaled scoring, for the percentage of the Project occupied by households earning 30% AMI or less
Percentage of Rent Assisted Units	up to 5 points, scaled scoring, for the percentage of the Project with Project based rent assistance
Tenant Protections	up to 3 points: If federal rent subsidy expires, change of use requires relocation. Enhanced Vouchers issued only for the residents under the Section 8 contract - no EVs for HUD maturing mortgages. Limited vouchers issued for RD prepayments.
Voucher Utilization	up to 3 points: High voucher turn back, porting rate or likelihood of relocating more than 20 miles.
Tenant Impact Total	**21 points**
Severe Rent Burden	Up to 2 points if Severe Rent Burden higher than state/region
Mismatch Housing Stock	1 point if there is a higher percentage of low-income renters than available low-income housing stock available in geography compared state/region.
Location Need Severity	**3 points**

	Resident Services	up to 1 point in Urban Areas and 2 points in Rural Areas: Comprehensive Resident Services Plan submitted; scaled needs to the target population
		1 point: Includes resident surveys for ongoing monitoring of needs
		1 point: Includes funded resident service staff or resources for referral agency
		1 point: Includes performance tracking and reporting of data
		up to 3 points in Urban Areas and 2 points in Rural Areas: Service provider is culturally responsive
Partnerships		**7 points**
	Serving Lowest Income	Up to 5 points for Average Gross Median Income of tenants; scaled scoring
	General: Tenant Ownership	1 point: Intended for **eventual tenant ownership.**
	General: Energy Efficiency	1 point: Projects that demonstrate comprehensive deployment of **energy efficiency** beyond the element required by the Core Development Manual (CDM).
	General: Historic Investments	1 point: Application for Projects that demonstrates evidence of **historic value for the community**, including Projects using the federal Historic Tax Credit (HTC) as part of the Project financing, and are; Listed, or have been determined eligible for listing, in the National Register of Historic Places administered by the U.S. Department of the Interior in accordance with the National Historic Preservation Act of 1996; or Located in a registered historic district and certified by the Secretary of the U.S. Department of the Interior as being of historic significance to that district.
	General: Marketing to Public Housing	1 point: Projects with supporting documentation from a local Housing Authority that establish a **commitment to market the unit to their wait list** is in place at the time of the application due date.
Federal Preferences		**9 points**

	Federal Subsidy Leverage	Up to 2 points: Committed leverage of HOME and/or CDBG Funds; in Balance of State Projects with the acceptance of HOME as gap funding source is included in application for funds; this also includes those Projects in Participating Jurisdictions that also award Tax Increment Financing (or another OHCS approved place-based economic development funds) that are awarded by Participating Jurisdictions in lieu of HOME for gap funding sources.
	Federal Subsidy Leverage	Up to 2 points: Use of National Housing Trust Funds to fund 30% AMI; or the addition of new federal rent assisted units
	Cost Effectiveness	Up to 1 point: Total Development Cost, excluding acquisition costs, per bedroom that are in the lowest half of the applicants in the set-aside or regional pool. Projects competing in the same allocation round region will be grouped together based on building type to determine the average per bedroom total cost per unit basis and tax credit per bedroom (only counting bedrooms in Program assisted units according to following).
	LIHTC Effectiveness	Up to 3 points: Total LIHTC requested per bedroom. Projects competing in the same allocation region or set-aside and building type will be grouped together to determine the average per bedroom total cost per unit basis and tax credit per bedroom (only counting bedrooms in Program assisted units); points will be attributed based on relative LIHTC subsidy per bedroom.
Funding Efficiency Total		**8 points**

		up to 5 points: Development pro forma review a. Pro forma includes only realistic and available resources on the Sources of Funding. Capital fundraising campaigns are not considered realistic and available resources. Any inclusion of resources that are unrealistic or unavailable will result in a score of minus five (-5) points in this category. b. Explanation of how the development budget will still be valid at the start of construction. c. Relocation Plan completed if warranted and aligns to development budget. d. Developer Fee is within the OHCS maximum allowable. e. If Uniform Relocation Act (URA), the budget line item accurately reflects the Project cost based on the sufficient Relocation Plan. f. If Commercial Real Estate is included in the Project, Sources and Uses are provided on a separate pro forma page.
	Financial Viability	up to 5 points: Operating pro forma review a. Affordable rents at least ten percent (10%) below estimated market rents. b. Debt coverage ratio is a minimum of 1.15:1 for hard amortizing debt, or as adequately explained. When utilizing OAHTC funds, the minimum debt coverage ratio is required to be met after the OAHTC pass through is applied. c. Cash flow within OHCS guidelines or adequately explained (1.30 or below, unless adequately explained or declining cash flows require a higher debt coverage). d. Vacancy rate at seven percent (7%) or adequately explained if different. e. Submitted reserves for replacement analysis and included adequate amount for replacement items in pro forma. f. Income inflation factor is less than expenses inflation factor. g. In a mixed-use Project, no commercial income may be used to support the low-income residential Project

	Readiness to Proceed	up to 2 points: Funding commitment for planned Project funds.
		1 point: If funding commitment is pending (aside from Rural Development); explanation of when other sources of funds will be available to the Project if not already committed is reasonable.
		1 point: Demonstrated ability to begin construction within 12 months.
		1 point: Proposed Project schedule appears adequate and reasonable.
		1 point: Explanation of why Project must be funded now as opposed to future NOFAs is reasonable.
Project Readiness Total		**16 points**
	MWESB Capacity	up to 4 points, scaled: Plans to engage MWESB * All Applicants will be required to identify ways and/or targets that they will utilize to contract with MWESB contractors/subcontractors in the construction and operation of the proposed Project. Awardees will be required to submit a report to OHCS demonstrating outcomes of their efforts to contract with MWESB contractors/subcontractors, using state registry, in their final application prior to the issuance of the Form 8609.
	Development Team Experience	up to 3 points: General Partner or Development Consultant with successful LIHTC Projects that have received 8609s within the last 10 years on 1-2 Projects.
		up to 2 points: General Partner with successful LIHTC Projects that have received 8609s within the last 10 years on 3 or more Projects.
		negative 1 point: General Partner that has been removed from a partnership or faced foreclosure proceedings.

	Performance	up to 2 points: OHCS Portfolio Compliance Criteria i. Most recent Real Estate Assessment Center (REAC) score. ii. Most recent Physical Review. iii. Most recent File Review. iv. Most recent Resident Services Review. v. Most recent Response Review. vi. Certification of Continuing Program Compliance (CCPC) submission received for current year shows compliance; vii. Ongoing compliance issues.
		up to 3 points: OHCS Portfolio Viability Criteria i. Financial submission as requested. ii. Most recent financial audit is closed. iii. Most recent audited financials Debt Coverage Ratio. iv. Asset management community evaluation completed satisfactorily.
Development Team Capacity Total		**14 points**
	Development History	negative 5 points: Prior poor development performance; negative points to development teams that have had documented material changes from Project application that received a funding reservation to placed in service.
	Federally Declared Disaster Areas	In consultation with the Oregon Housing Stability Council, up to 5 points may be allocated to projects located in Federally Declared Disaster Areas that have had a wide-ranging impact on housing supply.
Total Points Available		**103 points**

LIHTC Requirements and Processes

LIHTC Reservation

(i) **Requirements for Reservation**: Those Projects selected by OHCS as a Recipient of LIHTCs will be issued a LIHTC Reservation, Carryover Allocation, and Form 8609 only if they meet the requirements set out in OHCS's documentation. OHCS 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 OHCS.

(ii) **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. OHCS may reallocate 9% LIHTCs. OHCS will require each Applicant that has received a LIHTC Reservation to demonstrate the Project is making satisfactory progress towards completion through regular progress reports.

(iii) **No Representation or Warranty**: Issuance of an OHCS 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 OHCS resources are subject to various state and federal regulations governing the specific Program from which they are obtained, and Applicants are responsible for the determination of their Project's eligibility and compliance consistent with all Project Requirements.

(iv) **Determination of LIHTC Allocation Authority Year**: When making a Reservation of LIHTC, OHCS reserves the right to make an Allocation of a future year's credit ceiling (Forward Allocation). Such Allocation(s) may be full or partial for the Project(s). The applicable QAP will be the plan in place for the earliest funding cycle in which an award of funds is received.

Carryover Allocation Requirements

a. **9% LIHTC Carryover Allocation Agreement**: 9% LIHTC Applicants, on or before November 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 the Project is placed-in-service. All LIHTC Carryover Allocations will be made on a per 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 for 9% LIHTC Projects**: Within twelve (12) months of the date of the Carryover Allocation Agreement the 9% LIHTC Applicant must demonstrate to the satisfaction of OHCS that it has incurred more than ten percent (10%) of the reasonably expected basis of the Project by certifying to OHCS that it has fulfilled this requirement and by 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.

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

Exchange of 9% Credit Award for Subsequent Year's Credit Allocation

(i) **Request Process**: 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 QAP. OHCS 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 OHCS, and as such the Applicant has a one (1) time option to return its Allocation to OHCS, as follows:

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 2020 awarded Project that receives a forward reservation of 2021 tax credits of the exact same amount can transfer if requested by March 31, 2020, to get an allocation of 2021 credits. This is necessary if the Project will not be placed in service by Dec. 31, 2020 and needs to wait to place in service until the end of 2021.

After LIHTCs have been returned, an Applicant may apply for additional LIHTCs. 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 OHCS); OHCS must have a Project to which it can award current-year LIHTCs.

Considerations

Reservation of Rights

(i) Project/Request Denial OHCS, in its sole discretion, may reject an Application where the Applicant, Owner, Principal, or other Participant with respect to the proposed Project, previously has done any of the following:

a. Failed to complete Projects in accordance with requests or certified plans presented to OHCS 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 OHCS 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 OHCS 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 OHCS requirements.

OHCS reserves the right to disapprove any Application if, in its judgment, the proposed Project is not consistent with the goals of providing decent, safe and sanitary housing for low-income persons. OHCS may impose additional conditions on Project Applicants for any Project as part of the Application, Reservation or Allocation processes.

Documentation of Discretion

OHCS may, at its sole discretion, award credits in a manner not in accordance with the requirements of the QAP. If any provision of this QAP (and documents included herein by reference) is inconsistent with the provisions of any current or amended IRC Section 42, corresponding Treasury Regulations, and applicable IRS guidance, or any existing or new State Laws or State Administrative Rules governing the LIHTC Program, the provisions of IRC Section 42, corresponding Treasury Regulations, and applicable IRS guidance, State Laws or State Administrative Rules take precedence over the QAP.

Policy on Exceptions/Waiver Requests

All OHCS policies, other than those mandated by Section 42 of the Code, are considered as guidelines and may be waived by OHCS at its sole discretion. A written request for a waiver or exception, accompanied by justification, may be submitted to OHCS. 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.

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

If OHCS 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 OHCS 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 OHCS Program Manuals, or any other Program Requirement will be binding upon OHCS unless it is in writing, signed by an authorized agent of OHCS, and consistent with law.

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.

Disclaimer

Issuance of a LIHTC reservation pursuant to a Reservation and Extended Use Agreement, a LIHTC Carryover Allocation (Carryover) or placed in service allocation as indicated by OHCS or the IRS Form 8609 by OHCS, 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 Code and corresponding Treasury Regulations governing the LIHTC Program, and Applicants 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 Section 42 of the Code and corresponding Treasury Regulation, such as Code and regulations shall take precedence. While this QAP and the applicable NOFA governs OHCS's process of allocating LIHTC, Applicants may not rely upon this guide or OHCS's interpretations of the IRC requirements.

No executive, employee or agent of OHCS, 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 the State's LIHTC allocation, 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.

Violations

OHCS 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 OHCS;
- OHCS determines the Applicant or other Program participant made a material misrepresentation, directly or by omission;
- OHCS 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 OHCS.

OHCS will have no duty, obligation, or liability to the Applicant, the lender, the tax credit investor, or other related Program participant for exercising such remedies. Applicant and related Program participants, including lenders and tax credit equity investors, expressly waive any claims, causes of action or other remedies against OHCS 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.

Remedies

In the event of any failure to adhere to the terms of this Plan, including as described above in the Violation section, OHCS 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 OHCS resources.
(iii) Debarment of person or entity from accessing OHCS 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, OHCS 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.

No Third-Party Liability: Nothing in the Program Requirements is intended, or shall be construed, to create a duty or obligation of OHCS 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. OHCS 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.

Effective Date

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

Appendix

Appendix: Underwriting Criteria

Appendix 1 – Underwriting Standards

Program Limits:

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

i. Maximum Construction Contingencies included in LIHTC Determination:

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 the new construction costs. Rehabilitation costs include rehabilitation hard costs, site work costs, general conditions, and contractor profit and overhead. New construction costs include new construction hard costs, site work costs, general conditions, and contractor profit and overhead.

ii. Maximum Developer Fees

OHCS will consider Developer Fees, as specified in the table below; calculated as the Developer Fee plus Consultant Fees divided by the Total Project cost minus Acquisition, Developer Fee, Consultant Fees and Capitalized Reserves

$$\frac{\text{Developer Fee } \textbf{PLUS} \text{ Consultant Fee}}{\text{Total Project Cost } \textbf{MINUS} \text{ Acquisition, Developer Fee, Consultant Fee, Capitalized Reserves}}$$

Project Size	9% LIHTC New Construction	9% LIHTC Acquisition/ Rehab	4% LIHTC New Construction	4% LIHTC Acquisition/ Rehab
<31 Units	18%	20% + $4,000/unit OR + $5,500/unit for Preservation	20%	22% + $4,000/unit OR + $5,500/unit for Preservation
31-75 Units	16%	18% + $4,000/unit OR + $5,500/unit for Preservation	18%	20% + $4,000/unit OR + $5,500/unit for Preservation
76-100 Units	14%	16% + $4,000/unit OR + $5,500/unit for Preservation	16%	18% + $4,000/unit OR + $5,500/unit for Preservation
100+ Units	12%	14% + $4,000/unit OR + $5,500/unit for Preservation	14%	16% + $4,000/unit OR + $5,500/unit for Preservation

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 OHCS.

The Developer Fee 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, but will not exceed the amount in the application without approval which will be at the sole discretion of OHCS and will not be unreasonably withheld for justifiable increases in the scope of work, as long as the developer fee does not exceed OHCS's approved maximum developer fee. The fee presented in the Placed in Service documentation may not exceed the amount finalized at closing.

To be included in tax credit basis, it must be an eligible cost and 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.

iii. 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. OHCS will review against its portfolio and take into consideration input from lenders and investors.

iv. Maximum Contractor's Profit and Overhead

When the general contractor is a Principal, Related Party or otherwise has an Identity of Interest with the Applicant or Project Owner, OHCS will limit the general contractor's combined profit, general conditions 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.

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 a 9% Application or approved intent resolution for 4% LIHTC.

Financial Feasibility

i. Sources and Uses Statement:

The Applicant must submit the Sources and Uses statement with its Application or as otherwise required by OHCS**.** The Sources and Uses statement must describe all the funds or Sources to be used to pay for all Project costs and the intended Uses of such funds. The Sources and Uses 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 Applicant's application may be deemed incomplete and removed from further processing.

Acquisition cost must be supported by an appraisal	
Construction Inflation Factor/Cost Escalator (applies to separate line item above and beyond construction bid)	3 % of total construction cost
Contractor Profit, General Conditions and Overhead – non Identity of Interest (does not include insurance)	14% of total construction cost or less
Contractor Profit, General Conditions and Overhead – Identity of Interest (does not include insurance)	10% of total construction cost or less
Soft Costs	30% of Total Project Cost or less
Operating Reserve	Generally six (6) month of operating expenses or lender / investor conditions
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 Minimum guideline of $350 per unit per year, $300 for Senior Projects

ii. Operating Pro Forma:

The Applicant must submit with its Application an operating pro forma for the Project satisfactory to OHCS demonstrating financial feasibility and viability of the Project for a typical twenty (20)-year permanent loan period. Different Programs may have different compliance periods and OHCS may require that the operating pro forma address relevant compliance periods. In addition, the Applicant 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 Applicant 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 twenty (20)year operating pro forma for both the residential and commercial areas.
e. Such other information as OHCS 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, Applicant market assessment, a market study, or an appraisal.
c. Such other information as OHCS may require.

The pro forma also must address the following industry benchmarks:

a. A vacancy rate 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.
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; amounts in excess will be allowed if reasonably justified by Capital Needs Assessment and / or lenders conditions.
d. Operating Reserves are generally six (6) months of operating expenses or lender / investor conditions.

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 financially feasibility and viability.

iii. Minimum Debt Coverage Ratio

The minimum Debt Coverage Ratio (DCR) will be 1.15:1 for all hard amortizing debt through the initial 20-year pro forma period. Projects with debt coverage ratio that exceed 1.30:1 may be eligible for less credit amount than calculated. Projects are underwritten on an individual basis in concert with the lenders to determine an appropriate DCR and perform subsidy layering.

iv. Debt Underwriting:

Many Projects require hard amortizing debt as one of the sources of funds. If there is hard amortizing debt, the proposed debt service coverage, and breakeven ratios must be in conformance with OHCS limits and industry norms noted previously. If there is no mortgage debt, then the pro forma must demonstrate a stable positive cash flow over 20 years.

Development Team Capacity

i. Previous Experience

The Applicant must demonstrate to the satisfaction of OHCS that the Applicant, 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 Applications.
c. Successfully completed previous Projects for which a similar Program allocation was received in Oregon or other states.

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

Property Management Capacity

If the Applicant is going to employ a property manager with respect to the Project, they 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 development 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 development with local, state, and/or federal operating requirements comparable to those of the requested Program.

OHCS will review the change of/or initial implementation of all Management Agents including Owners who are proposing to manage properties as Owner. OHCS policy requires 60 days' notice prior to any change. The owner must submit the proposed new agent plan and qualifications to Asset Management & Compliance section of OHCS. OHCS will review the materials and approve, conditionally approve, or disapprove the proposed agent. Management agents and/or Owners responsible for LIHTC compliance must attend LIHTC training and receive a certification from a nationally recognized LIHTC compliance trainer. Any exceptions to this policy will be made solely at the discretion of OHCS.

Financial Capacity:

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

OHCS Sole Discretion

OHCS 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 OHCS funds must be brought to the attention of OHCS. OHCS may in its sole discretion re-underwrite the Project, which may result in all or a part of OHCS resources being recaptured or reduced by, or returned to, OHCS.

Project/Request Denial

OHCS may reject an Application where the Applicant, 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 OHCS 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 OHCS 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 OHCS 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 OHCS requirements.

OHCS reserves the right to disapprove any Application if, in its judgment, the proposed Project is not consistent with the goals of providing decent, safe and sanitary housing for low-income persons. OHCS may impose additional conditions on Applicants for any Project as part of the Application, Reservation or Allocation processes.

Financial Solvency

As part of the Application and at such other times as required by OHCS, 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 OHCS.

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

i. Refuse to allow the Applicant or other participant to participate in the Tax Credit Program or other OHCS 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 OHCS).

Take such other action as it deems appropriate.

The Applicant must also immediately disclose if there is a material change in the matters addressed in the certification throughout the Application process and throughout the development and operation of the Project. Failure to do so may result in a loss of Reservation.