

# Affordable Housing Funding Notice



Oregon Housing and Community Services

## Announcement and Instruction for Application Oregon Affordable Housing Tax Credit (OAHTC)

Application Opening Date: **March 29, 2021**

*Applications will be Reviewed on a First-Come First-Reviewed Basis and  
accepted until the Final Application Due Date so long as funds are available.*

Final Application Due Date: **December 15, 2021**

Final Application Due Time: **4:00 PM PST**

**2021-7**



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# 1. Oregon Affordable Housing Tax Credit Resource Pool

## 1.1. Purpose

The purpose of the OAHTC Program is to encourage the creation or preservation of safe, sanitary, and affordable housing for low-income Oregonians. OHCS accomplishes this by certifying loans from qualifying lending institutions to sponsors of affordable housing projects to reduce interest rates and pass the savings from the lower interest rates on to tenants by lowering rents. These tax credits can also be used to buy down interest rates on loans to facilitate the recapitalization of portfolio projects.

The Oregon Housing and Community Services Department (“OHCS”) is accepting applications (“Applications”) to assist eligible affordable housing projects to have qualified loans certified for Oregon Affordable Housing Tax Credit (OAHTC) interest rate reductions. OHCS is making OAHTC available through this announcement on an open and rolling, first come, first reviewed basis.

## 1.2 Definitions

For purposes of this Application, the following terms have the following meanings:

- 1.2.1 **“Acquisition Project”** means any acquisition of affordable housing beyond that covered by the definition for Preservation project (1.2.11) below.
- 1.2.2 **“Annual rate”** means the yearly interest rate specified on the note, and not the annual percentage rate, if any, disclosed to the applicant to comply with the federal Truth in Lending Act.
- 1.2.3 **“Applicant”** means a person or entity submitting an Application responsive to this Announcement.
- 1.2.4 **“Dwelling unit”** has the meaning set forth in in Oregon Revised Statute 90.100 (12).
- 1.2.5 **“Finance charge”** means the total of all interest, loan fees, interest on any loan fees financed by the lending institution, and other charges related to the cost of obtaining credit.
- 1.2.6 **“Grantees”** mean Applicants, if any, that OHCS awards a Reservation of Funding (“Reservation”) contingent on the satisfaction of terms and conditions set forth in the “Reservation Letter”.
- 1.2.7 **“Lending institution”** means any insured institution, as that term is defined in ORS [706.008 \(Additional definitions for Bank Act\)](#), any mortgage banking company that maintains an office in this state or any community development corporation that is organized under the Oregon Nonprofit Corporation Law.

- 1.2.8 “Local Unit of Government”** means a city, county, special service district, metropolitan service district created under ORS chapter 268 or a political subdivision of the state.
- 1.2.9 “Manufactured dwelling park”** means any place where four or more manufactured dwellings are located within 500 feet of one another on a lot, tract or parcel of land under the same ownership, the primary purpose of which is to rent or lease space or keep space for rent or lease to any person for a charge or fee paid or to be paid for the rental or lease or use of facilities or to offer space free in connection with securing the trade or patronage of such person.
- 1.2.10 “Nonprofit corporation”** means a corporation that is exempt from income taxes under section 501(c)(3) or (4) of the Internal Revenue Code as amended and in effect on December 31, 2018.
- 1.2.11 “Preservation project”** means housing that was previously developed as affordable housing with a contract for rent assistance from the United States Department of Housing and Urban Development or the United States Department of Agriculture and that is being acquired by a sponsoring entity. In this announcement and this announcement only OHCS Portfolio projects may be considered preservation to the extent that the tax credits are for repair needs that will preserve and extend the project life.
- 1.2.12 “ProCore™ WorkCenter”** is a secure portal technology solution developed by ProLink Solutions™ to help facilitate a more robust collaboration and communication model for all applicants and future housing partners. The ProCore™ WorkCenter provides a series of functionality to help facilitate this by including a repository for electronic document submission, a task management and tracking tool, an events calendar and communication features.
- 1.2.13 “Project”** means a specific affordable housing development sponsored by a sponsoring entity involving the construction, acquisition and rehabilitation, or preservation of housing for lower income Oregonians.
- 1.2.14 “Qualified assignee”** means any investor participating in the secondary market for real estate loans.
- 1.2.15 “Qualified borrower”** means any borrower that is a sponsoring entity that has a controlling interest in the real property that is financed by a qualified loan. A controlling interest includes a controlling interest in the general partner of a limited partnership that owns the real property.
- 1.2.16 “Qualified loan”** means:
1. A loan that meets the criteria stated in subsection (5) of ORS 317.097 or that is made to refinance a loan that meets the criteria described in subsection (5) of ORS 317.097; or

2. The purchase by a lending institution of bonds, as defined in ORS 286A.001, issued on behalf of the Housing and Community Services Department, the proceeds of which are used to finance or refinance a loan that meets the criteria described in subsection (5) of ORS 317.097.

**1.2.17 “Rehabilitation Project”** means a project where required repairs, replacements, and improvements involve the replacement of one or more major building components, or where the costs of the rehabilitation exceed 15% of the property’s replacement cost after completion of all required repairs, replacements, and improvements.

**1.2.18 “Rent Pass through”** means the value of the tax credits loan rate discount that is extended by the project owner to the tenants in the form of reduced rents.

**1.2.19 “Sponsoring entity”** means a nonprofit corporation, nonprofit cooperative, state governmental entity, local unit of government, housing authority or any other person, provided that the person has agreed to restrictive covenants imposed by a nonprofit corporation, nonprofit cooperative, state governmental entity, local unit of government or housing authority.

### 1.3 OAHTC Pool Framework

**1.3.1** OAHTC Pool is offering up to \$250,000,000 in Oregon Affordable Housing Tax Credits in 2021 through this notice and application offering.

**1.3.2** The following chart demonstrates the tax credit limits for each OAHTC Pool eligible activity type.

OAHTC Pool Activities	Set-Aside	Availability	Per Project Limits
<b>Federal Project Based Rent Assisted</b>	\$45 Million	\$27 Million set-aside Rural \$18 Million set-aside Urban	Up to 95% Loan to Value
<b>RAD/Section 18 Federal</b>	\$105 Million	Statewide	Up to 95% Loan to Value
<b>OAHTC Portfolio Preservation</b> <ul style="list-style-type: none"> <li>• <i>To address repair needs that will extend project life</i></li> <li>• <i>Requires a CNA</i></li> </ul>	\$20 Million	Statewide	Project by project basis
<b>Manufactured Home Park Purchase for Preservation</b>	\$45 Million	Statewide	\$8 Million tax credits per project
<b>New Construction / Rehab</b> <ul style="list-style-type: none"> <li>• <i>Rehab projects require a CNA</i></li> </ul>	\$35 Million	Statewide	\$3 Million tax credits per project

**Note:** These resources will be first-come first-reviewed for service. The funds are intended to be soft set-aside pools, if not fully subscribed by July 14, 2021 date they can be attributed to another set-aside pool; if resources are oversubscribed and remaining

resources are not adequate to fully fund the last project, OHCS would reserve the right to add complementary resources to do so if available. Any OAHTC use where more than \$3 million in OAHTC loan per project is allowable (see OAHTC Limits), must demonstrate maximizing other available resources and clearly demonstrate need for OAHTC.

## **1.4 OAHTC Pool Parameters (All Eligible Pool Activities)**

- 1.4.1** These resources are available on a first-come, first-reviewed for service basis. Funding limits are based on categories listed in section 1.3. If all funding in the OAHTC Pool is fully subscribed before the Application close date, the Application will close automatically.
- 1.4.2** Any OAHTC set-aside where more than \$3 million in OAHTC loan per project is allowable (see OAHTC Limits), must demonstrate maximizing other available resources and clearly demonstrate need for OAHTC.
- 1.4.3** All units in the project must serve households earning at or below 80% AMI, as determined by HUD.
- 1.4.4** Only the following entities may apply:
  - 1. Nonprofit corporations registered to do business in the State of Oregon
  - 2. Nonprofit cooperative organizations
  - 3. State governmental entities
  - 4. Housing Authorities
  - 5. For-Profit Entities
- 1.4.5** OAHTCs may be used on the following project types:
  - 1. New construction
  - 2. Rehabilitation
  - 3. Preservation (excluding HUD 811) of projects with HUD or USDA-RD rental subsidies
  - 4. Acquisition
  - 5. Portfolio Financial Restructuring
- 1.4.6** Applicants must agree to a minimum of 20 years of affordability (“Affordability Period”).
- 1.4.7** Loans made in conjunction with these tax credits are expected to close within 240 days from the date applications are approved. Units served through these tax credits are expected to be placed in service within two years from the date of closing.
- 1.4.8** Applicants may only submit one Application per 15 days during the open application period. OHCS Finance Committee must approve applications prior to reservations. Finance Committee may at its discretion reject applications at

which time OHCS staff will communicate why the application could not be approved. Applicants may make changes to the application and resubmit.

**1.4.9** All projects and Applications are subject to Oregon Administrative Rules 813-110-0005 through 813-110-0050.

**1.4.10** All Projects Applications are subject to OHCS General Policy and Guideline Manual

**1.4.11** All Project Applications are subject to OHCS's Core Development Manual Dated January 1, 2020.

## **1.5 Portfolio Preservation**

**1.5.1** Federal Project Based Rent Assisted Project

**1.5.2** RAD/Section 18 Federal

**1.5.3** OHCS Portfolio (as defined in Sec. 1.2.11) restructuring

## **1.6 Park Preservation**

**1.6.1** Under this eligible activity, tax credits must benefit one or more of the following entities types:

1. A Tenants Committee as provided in ORS 90.844
2. A Manufactured Dwelling Park nonprofit cooperative as provided in ORS 62.803
3. A housing authority established under ORS 456.055 through 456.235
4. A local government as defined in ORS 197.015
5. A qualified nonprofit

**1.6.2** Must demonstrate to OHCS's satisfaction evidence of compliance with ORS. 90.846.

## **1.7 New Construction / Rehab**

**1.7.1** Units must be ready for initial lease-up within 36 months of the date of construction closing.

**1.7.2** New Construction and Rehabilitation projects must demonstrate rental passthrough to tenant rents for 20 years.

## **2. Application Requirements**

### **2.1 Fully Completed Submission**

Applications must be complete to pass review. During review, any applications with missing information or inconsistencies will be returned to the applicant. Applicants must

address the missing or inconsistent items to the satisfaction of OHCS before applications may be presented to the OHCS Finance Committee for funding approval.

## **2.2 Application Submission**

**2.2.1** The Application along with all required materials and documentation, must be submitted to OHCS; applications are accepted on a rolling basis until **December 15, 2021 at 4:00 PM PST** or until there are no remaining OAHTC to reserve to projects, whichever occurs first.

**2.2.2** Complete applications must be submitted via email to the following address:  
**MFNOFA@oregon.gov**

**2.2.3** Applications must be complete, or they will be returned by OHCS staff as incomplete and no review will take place. If an application is returned as incomplete the applicant may resubmit their application with updated materials as requested or alert OHCS that they are withdrawing the Application.

**2.2.4** Additional instructions for required materials and submission are included in the Application.

## **2.3 Application charges:**

**2.3.1** Must be documented as received by OHCS Finance Section before processing of application can begin.

**2.3.2** The Application charge is \$1,000.

**2.3.3** The Application charge is non-refundable.

**2.3.4** All Applicants must submit Application charges via mail. OHCS cannot accept any electronic payments for Application charges.

**2.3.5** Applicants must submit Application charges to the address below along with the transmittal form provided with the Application. If the Application charge is not received, the Application is considered incomplete. It will be rejected and be ineligible for funding.

Send Application Charges to:

Attn: Finance

Oregon Housing and Community Services

725 Summer St. NE, Suite B

Salem, OR 97301

## **2.4 Application Questions:**

- 2.4.1** Inquiries relating to the Application process, its administration, or the substantive technical portions of the Application should be directed to: MFNOFA@oregon.gov
- 2.4.2** Please note "OAHTC Pool" in the subject line. Frequently Asked Questions (FAQs) and answers will be posted on the OHCS website and WorkCenters at regular intervals during the time that the Application period is open. The Application period closes December 15, 2021.
- 2.4.3** Changes or modifications to the Application requirements will ONLY be recognized if in the form of a written Technical Advisory (TA), issued by OHCS. OHCS will post the TAs on the department fund offering page: <https://www.oregon.gov/ohcs/Pages/multifamily-housing-funding-opportunities.aspx>

## **2.5 Application Review and Certification**

OHCS Program staff will assess Applications for completeness. Once the OAHTC program manager has completed an initial review, the Application will either be returned to the applicant for edits or scheduled for the OHCS Finance Committee review.

### **2.5.1 OHCS Finance Committee Review**

OHCS Finance Committee will consider complete Applications and if approved by the Finance Committee, the Application will be approved for a Certificate. Finance Committee may approve or deny applications based on a holistic analysis of the project and its benefit to low-income Oregonians in relation to the Statewide Housing Plan.

### **2.5.2 Certificate**

Once the OHCS Finance Committee has approved the application for funding, a certificate will be issued to the lender from the Letter of Intent.

## **3. General Application Terms and Conditions**

- 3.1** ORS 60.701 requires that foreign corporations be registered by the State of Oregon, Office of the Secretary of State, before conducting business in the State. A foreign corporation (ORS 60.001) means a for-profit corporation incorporated under a law other than the law of the State of Oregon. If a foreign corporation is selected for the Agreement because of this Application, it must register to do business in Oregon.
- 3.2** OHCS reserves the right:
  - 3.2.1** To amend the OAHTC Application or any of its materials prior to the closing date,



- 3.2.2** To amend the deadline for submitting Applications,
  - 3.2.3** To determine whether an Application does or does not substantially comply with the requirements of this Application,
  - 3.2.4** To waive any minor irregularity, informality, or nonconformance with the requirements of this Application, or
  - 3.2.5** To obtain from or provide to other public agencies, upon request, references regarding the Applicant’s performance.
- 3.3** At any time prior to Agreement execution OHCS may (including after announcement of the apparent Reservation):
- 3.3.1** Reject any Application that fails to substantially comply with all prescribed OAHTC Pool procedures and requirements, including the executing and recording of documents satisfactory to OHCS,
  - 3.3.2** Reject all Applications received and cancel this offering upon a finding by OHCS that such cancellation would be in the best interests of the State; or
  - 3.3.3** Seek clarification on any or all Applications.
- 3.4** This OAHTC Pool and Application received, together with copies of all documents pertaining to the Reservation or certification, will be kept by OHCS and made a part of a file or records, which will be open to public inspection. If an Application contains any information that is considered a trade secret under ORS 192.501 (2), each sheet containing such information must be marked with the following:
- 3.4.1** “This Application constitutes a trade secret under ORS 192.501 (2) and should not be disclosed except in accordance with the Oregon Public Records Law, ORS Chapter 192.”
  - 3.4.2** The Oregon Public Records Law exempts from disclosure only bona fide trade secrets, and the exemption from disclosure applies only “unless the public interest requires disclosure in the particular instance,” ORS 192.501 (2). Therefore, non-disclosure of a document or any portion of a document submitted as part of an Application may depend upon official or judicial determination made pursuant to the Oregon Public Records Law.
  - 3.4.3** The Applicant will be required to assume responsibility for performance required by the Agreement, whether performed by the Applicant, a representative, assignee or subcontractor. OHCS considers the Applicant responsible for all contractual matters.
  - 3.4.4** Reservations, Allocations or Awards (collectively, Determinations) subject to State Housing Stability Council review under ORS 456.561, and Determinations where additional OHCS funding supporting such Determinations are subject to Council review, are contingent upon Council approval of those Determinations or supporting funding. The Council may approve, reject, modify, or further

condition funding awards submitted for its review, thereby directly or indirectly impacting OHCS Determinations.

- 3.4.5** All Reservations made pursuant to this funding opportunity are subject to the successful negotiation, execution, and recording (if required) of documents satisfactory to OHCS. Projects that have only a leasehold interest in relevant real property must include documented commitments executed and recorded by the landlord satisfactory to OHCS, including, but not limited to, covenants respect to the ongoing use and operation of the real property and leasehold interest for affordable housing acceptable to OHCS.
- 3.4.6** OHCS may charge, and the Applicant must pay, legal and administrative costs incurred by OHCS in negotiating Agreement and other related documents.
- 3.4.7** Provisions stated in the form of a question in this Application are construed as required action by Applicants.