OREGON STATE HOUSING COUNCIL PUBLIC MEETING

May 17, 2013 at 9:00 a.m.

Humboldt Gardens Apartments
5211 N Haight Ave
Portland, Oregon 97217

MEETING LOCATION:

725 Summer Street NE, Conference Room 124a/b
Salem, OR 97301

CALL IN PHONE NUMBER:

Call in Number: 1-877-273-4202
Room Number: 4978330

OREGON STATE HOUSING COUNCIL

MAY 17, 2013

PUBLIC MEETING PACKET

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Oregon State Housing Council
725 Summer St NE, Suite B
Salem, OR 97301-1266
Phone: 503.986.2000
Fax: 503.986.2132
TTY: 503.986.2100
www.ohcs.oregon.gov/OHCS/OSHC

Council Members:
Jeana Woolley, Chair
Mayra Arreola
Tammy Baney
Aubre L. Dickson
Michael C. Fieldman
Zee D. Koza
Adolph "Val" Valfre, Jr.

OREGON STATE HOUSING COUNCIL MEETING

May 17, 2013 Meeting Agenda

MEETING TIME:
9:00 A.M
MEETING LOCATION:
Conference room 124a/b of the North Mall Office Building,
725 Summer Street NE
Salem, OR 97301

1.	CALL TO ORDER	Jeana Woolley, Chair
2.	ROLL CALL	Jeana Woolley, Chair
3.	APPROVAL OF MEETING MINUTES a. March 1, 2013 (Revised) b. May 03, 2013	Jeana Woolley, Chair
4.	Public Comments	Jeana Woolley, Chair
5.	New Business	
	a. Tutuilla Road Housing Project Phase I Pendleton	Danny Gette, OHCS
	b. 2013 Qualified Allocation Plan (QAP):	
	Presentation and Staff Recommendations	Julie Cody, OHCS
	Public Comment	Jeana Woolley, Chair
	Discussion and Vote	Jeana Woolley, Chair
6.	REPORT OF THE DIRECTOR a. Agency Transition Planning Update b. Other	Margaret Van Vliet, Director
7.	Report of the Chair	Jeana Woolley, Chair
8.	Other	Margaret Van Vliet, Director
9.	Adjourn State Housing Council Meeting	Jeana Woolley, Chair

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OREGON STATE HOUSING COUNCIL

March 1, 2013 Meeting Minutes

MEETING TIME: 9:00 A.M.- 12:00 P.M.
MEETING LOCATION:
Downtown Athletic Club and Conference Center
Ballroom A/B
999 Willamette Street
Eugene, OR 97401

HOUSING COUNCIL

MEMBERS PRESENT
Jeana Woolley, Chair
Mike Fieldman
Zee Koza
Val Valfre

MEMBERS NOT PRESENT
Mayra Arreola
Tammy Baney
Aubre Dickson

GUESTS

NAME, ORGANIZATION	NAME, ORGANIZATION
Riley Pierce, Jackson County Housing Authority	Becky Wheeler, City of Eugene
Stephanie Jennings, City of Eugene	Betsy Hunter, HACSA
Molly Markarian, City of Springfield	Richard Herman, Metro
Kristen Karle, SVDP Lane County	Shelly Cullin, Chrisman Development
John Wright, Daczewitz LP	Karen Reed, Neighbor Works Umpqua
Norton Cabell, Housing Policy Board	Christin Laney, City of Springfield
Jeremy Leckie, Daczewitz LP	Jeff Towery, City of Springfield
Lisa Rogers, CASA	Greg Pitts, Pitts Development
Jim Morefield, WNHS	Don Griffith, Habitat for Humanity
John VanLandingham, Legal Aid	Claire Seguin, NEDCO
Tom Cusack, Oregon Housing Blog	Pegge McGuire, Fair Housing Council of Oregon
Keith Wooden, Housing Works	Anne Williams, SVDP
Martha McLennan, NHA	
Michael Wish, City of Eugene	

OHCS STAFF PRESENT

Margaret S. Van Vliet, Director	Karen Chase, Regional Advisor to the Dept.	Carol Kowash, Program Coordinator
Dave Castricano, Operations and Policy Analyst	Karen Clearwater, Regional Advisor to the Dept.	Julie Cody, Administrator, Program Delivery Division
Katherine Silva, Executive Assistant to the Director	Karen Tolvstad, Administrator, Policy, Strategy & Community Engagement	Kim Travis, Community Engagement Manager

1. CALL TO ORDER: Chair Woolley called the March 1, 2013 meeting to order at 9:13 a.m.

2. ROLL CALL: **Chair Woolley** asked for roll call. **Present: Zee Koza, Val Valfre. Mike Fieldman; Mike** arrived late prior to the Public Hearing portion of the meeting. **Absent: Mayra Arreola, Tammy Baney, and Aubre Dickson.**

3. PUBLIC COMMENT:

Jim Morefield, executive director Willamette Neighborhood Housing Services (serving Linn and Benton Counties), also Chair of the Board of the Oregon Opportunity Network, in attendance and speaking at the meeting representing ONN. Morefield spoke specifically about the department's transition project and the planning that is underway. He wanted to say something that frames the position and enthusiasm that OON has with regard to the transition, stating: "ONN is looking forward to a restructuring of housing finance and services administration in the state creating more efficiency at the government level and ultimately stronger and healthier families and communities in the state of Oregon."

OON has created a working-group focused solely on the OHCS transition, incorporating other community organizations and interested parties from the private sector so that they are prepared to participate in a meaningful way. ONN has created guiding principles with the hope that as programs are restructured in the state that we don't also have a disconnect between service delivery and housing policy. OON will provide electronic copies of their guiding principles after the meeting. Morefield expressed OON's continuing interest in the OHCS transition process and encouraged taking the time to do things well by being careful about unintended consequences/impacts during the decision-making process, in addition to considering what other states are doing and how issues are being managed at the national level.

4. LOCAL REPRESENTATIVES: Director Van Vliet requested that Karen Clearwater, regional advisor to the department (RAD) for Mid-Willamette Valley, introduce the local representatives in attendance.
   a. John VanLandingham, lawyer for Lane County Legal Aid and Norton Cabell , private market landlord in attendance and representing the Local Intergovernmental Housing Policy Board presented an overview of Housing Policy Board from its inception to the current work being undertaken.
   b. Stephanie Jennings, grants manager for the City of Eugene, gave a presentation on the City of Eugene Housing Plan and the Lane Livability Consortium. Copies of the accompanying PowerPoint presentation for this portion of the meeting are available on the State Housing Council website.
   c. Molly Markarian, from City of Springfield, provided information and PowerPoint presentation on the status of the Glenwood Refinement Project Plan. Copies of PowerPoint presentation for this portion of the meeting are available on the State Housing Council website.

THE MEETING WAS RECESSED FOR A SHORT BREAK AND SET TO RECONVENE FOR THE PUBLIC HEARING ON THE REVISED QUALIFIED ALLOCATION PLAN AND STAFF UPDATE TO THE NOTICE OF FUNDING AVAILABILITY

DRAFT

5. Qualified Allocation Plan (QAP) Public Hearing **Estimated Start Time 10:15 a.m.**

PUBLIC HEARING ATTENDEES

NAME	ORGANIZATION	TESTIFYING
Tom Cusack	Oregon Housing Blog	Yes
Pegge McGuire	Fair Housing Council of Oregon	Yes
Don Griffin	Habitat for Humanity	No
Richard Henman	Metropolitan Aff Housing	No
Karen Reed	NeighborWorks Umpqua	
Shelly Cullin	Chrisman Development	Yes
Martha McLennan	OON	Yes
Lisa Rogers	OON	Yes
Keith Wooden	Housing Works	No
Anna Geller via Phone (written comments also attached		Yes
Portland Housing Bureau (written comments attached)		

PUBLIC HEARING MINUTES:

Dave Castricano, OHCS Project manager for the NOFA, began with a status update. OHCS staff is currently trying to gavel down on the QAP as the guidebook with the NOFA as the "how to" book. Castricano apologized for multiple versions of the document.

BRIEF OVERVIEW OF WHAT THE NOFA IS AND WHAT WE THINK WE CAN ACCOMPLISH IN IT:

The NOFA is a targeted notice of funding availability. There have been talks of having upwards of 6 NOFAs to as few as 2 NOFAs and as of right now staff have settled (tentatively) on 2 core NOFAS. There will be one for LIHTC funds and one for HOME, GHAP and other funds. There is potential for a 3rd NOFA for smaller projects. The new version of the NOFA features a different way of applying than previously used, which speaks to core principles. New concepts of community need are used integrating multiple factors and regional solutions definition of the word need.

An important distinction for the new NOFA is that in order to submit an application one must meet one of four threshold criteria allowing more focus on policy initiatives. In the past focus was more on financial feasibility. These threshold items will no longer be a part of scoring. Historically, the process has been a beauty contest of feasibility. Threshold feasibility was scored; this has now been changed to a pass fail test (because, most of the time, projects are either feasible or they are not). Focus has now turned to projects that demonstrate the highest need and those that meet the policy criteria with feasibility as a pass/fail test.

Something that came from work session discussions is that there is no one-size fits all model for identifying needs and developing affordable housing, because it does not work in practice across regions. The narrative section is in the process of being developed. The NOFA continues to evolve as a stand-alone document separate from the QAP and it is not being voted on. Over the next 30-days, staff will be continuing work on developing the NOFA sections, in

addition to developing the guidebook, core application, changing the narrative sections to address issues raised with the hope that everything will flow logically.

LIST OF DECISIONS/MODIFICATIONS MADE SINCE THE LAST PARTNER WORK SESSION:
ISSUE: Limiting the number of applications a sponsor may make in a given year.
Answer: Decided against prescribing this, if it becomes an issue this proposal may come back.

ISSUE: Applying for scattered sites across regions in one application.
Answer: Clarified that sponsors can then you would need to win in all regions and have the highest score otherwise sponsors will lose all regions. In this way applying for scattered sites can be limiting. (This was corrected

ISSUE: Project Phases
Answer: only accept an application for one phase per funding cycle.

ISSUE: Ownership integrity
Answer: Added customary requirements (e.g. sponsor should not be filing for bankruptcy at the same time as applying for funds).

ISSUE: Financial capacity
Answer: Added in that it taken under consideration that if a factor exists which constitutes a "material impairment of applicant's ability to perform" during construction then funding award may be reevaluated.

ISSUE: Competitive Scoring
DECISION: NOFA (not being voted on today, only on the QAP) the portion of the NOFA that deals with competitive scoring is still evolving.

Karen Tolvstad

The QAP is a high level umbrella document and the stakeholders are ultimately interested in the competitive scoring piece of the NOFA. Staff members are ultimately looking for an applicant pool of financially feasible projects with adequate sponsor capacity, ready to proceed and then score. There have been several discussions about how weight is distributed between "best use of funds" and "need." Looking at past applications, going through each one and trying to find the right balance, has revealed that it is an art not a science. The policy guidance that staff would like to give is that best use of funds should outweigh need, not because need is not critical, but because need is so strong everywhere. It's splitting hairs when differentiating the amount of need among regions. Therefore the focus will not be a statewide look but rather a look at the distribution of need within a region from one population to another. It is our goal to publish 5-6 data sources so that sponsors can draw from the same resources with the idea being that if everyone is working with the same information there will be a form of verifiable/quantifiable data.

The department's goal is to fund projects that meet multiple policy objectives. We are identifying benefits to community that are in most regional policy objectives, in addition to identifying benefits that are within the governor's 10-year plan . This is to give sponsor's an idea what objectives would lead to a finding of best use of funds. The problem has become, how to leave it open-ended, allowing people to be creative as to how to put a forth a project that meets multiple needs, and provide guidance without having the guidance be limiting or prescriptive. Work sessions have led to some discussions about categorizing policy objectives and giving weight to them in that way.

CAROL KOWASH

The QAP has been significantly updated to more closely align with the new notice of funding availability (NOFA) application delivery system and the related processes and selection criteria within the application. It also has been and will continue to be, if changes are minor, modified to comply with changes to requirements mandated by Sec. 42 of the Internal Revenue Code and Sec 142 of Federal Treasury Regulation in addition to any other regulations that affect funding tied to projects.

Key changes within the document include:

- Page 9: Capital needs assessment
- Page 23: Threshold Requirements
- Page 24e-f: Financial feasibility
- Page 26-27: Ability to recapture credits as absolutely necessary.

Additions to the document include:

- Material adverse change to the proposed project and the end project- it reserves the ability for review of those projects and evaluation to determine whether project is still eligible for funds
- Scattered sites- all sites within application don't have to win in all regions, but all must be in scoring position. If there are two or three awards in that region your project has to be one of the awarded projects in each region for your scatter-site project.
- Multi-phase projects will only be considered for one property per NOFA per CFC per general partner. Reason for change is the limited resources and desire to be able to fund for all.

JULIE CODY

After the last housing council meeting we had an excellent discussion on the developer fee during which key concepts and concerns were highlighted: simplify, make it clear, have a cash fee cap on larger projects, reduced funding awards based on savings or higher than anticipated tax equity, etc… All of those things were taken into consideration as well as looking at the practices in other states to avoid reinventing the wheel.

The previous approach utilized a matrix encompassing the complexity of the project. The matrix required a lot of analysis, which caused concern. So we've moved to a set "up to 15% of total project costs" developer fee and we've defined what that means. The set developer fee will

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be calculated at the time of equity closing, not at the time of application or award. The question around receiving donations is still under review.

If between application and closing there's a shift that allows more deferred developer fee etc... Staff will evaluate prior to having funds revert back to the state. We are working hard to address all the issues that have come up with regard to having any amount of the developer fee split back to the state; staff also want to give an incentive for substantial rehabilitation. The decision was made to not add a cap on cash developer fee at this time, will continue to take it under advisement. It really wouldn't apply in the 9% NOFA. Language about deferred developer fees was added in an attempt to be fiscally prudent; we would like to see 50% of developer fee saved at closing.

Public Comments

Tom Cusack: Lake Oswego, OR

Having written the first FHA insured tax credit project in the country, in 1989, Mr. Cusack has a long familiarity with the QAP program. Cusack was very appreciative of the efforts OHCS staff has put forth; he compared these efforts to attempting to change tires on a car that is moving down the road. He urged more focus on incorporating Fair Housing best practice principles into the whole process. He stated that he feels the NOFA provides equity and social justice, de-concentrating poverty. In looking at other QAPs in the country he could start to identify practices that should be included and by his view there needs to be additional work done in the future to get a real analysis of the data and policy areas of opportunity. Mr. Cusack complimented the staff once more and asserted that he will make more detailed comments about the scoring criteria once they are released. Tom requested concrete details as to when we can expect the draft of the criteria.

Peggy McGuire: Director of the Fair Housing Council of Oregon

While there is a general provision requiring that projects meet all applicable laws, there is nothing specifically included about the requirements of the Fair Housing Act. 4,000 calls a year are received by the Fair Housing Council of Oregon from people who believe that they are victims of illegal discrimination. The Fair Housing Council would like to see a provision added that would require certification that project developments are compliant. McGuire recommended that the department require disclosure of any HUD/BOLI complaints because of the broader impacts of complaints triggering a recapture of allocated tax credits. She noticed that the basis boost did not include de-concentration of poverty and thought it might be something the department might want to add.

Lastly, McGuire commented that it would be helpful if the department could provide clarity as to what qualifications the review team will have; this will provide developers with a level of comfort that the reviewers are knowledgeable about the industry and standards.

Shelly Cullin with Chrisman Development

Cullin gave kudos to the department for revising the developer fee policy so that the fee will be set at construction loan closing. Her specific comments and questions stemming from the QAP document were as follows:

- On page 8, 4% tax credit allocation is mentioned however they are not subject to QAP.
- If allocating agency has until December 2013 to allocate to sponsors at the 9% rate, should everyone apply at the floating rate after that point?
- Is there a process for existing projects that want to take part in the extended period, which requires approval from the department, to apply for extension in the initial application?
- The QAP states that more favorable consideration will be given to projects with non-profit participation. This has never been done before. How does this factor in?As a tiebreaker?
- The document state that the minimum years for affordability will determined by SHC. The minimum has always been 60 years for affordable housing; will the additional favorable consideration be given to sponsors that go beyond 60 years? Bond program is 30, additional funds is 60, is there preference for more than 60?
- Page 20 mentions that a 10% developer fee will be allowed in eligible basis, but a fee up to 15% may be allowed. Is only 10% of that in eligible basis?
- Analysis section on page 21 requires that the market study be completed not more than 21 days prior to any submitted application. If the department is not requiring a market study at application then that language needs to be changed.
- Page 22 lists the requirement that all sponsors complete rehabilitation assessments as approved by the department and the bottom of page 44 states that the assessment must be done by an approved 3rd party. Will the department provide a list of approved 3rd parties?

Chair Woolley:

Thanked Ms. Cullin for her comments and stated that the housing council really appreciates the benefit of having the public present because having been through the process several times they catch the little things missed by staff.

Martha Mclennan, Executive Director of NW Housing Alternatives
Lisa Rogers Executive Director of CASA both representing (Oregon ON)

Mclennan started by stating that It is going to take OON a bit of time to have meaningful comments; but expressed that they really do want to take the time to be thorough both on small and large things. She cautioned that the council may receive substantive comments during the comment period, which might affect the timeline moving forward. One of the things that OON and its members have been thinking about in regards to the QAP is the level of detail, finding that the draft contains much more than in other states. McLennan expressed concern that this document has so much embedded in it at a detailed level then you may find that the QAP and the NOFA may not align. One example of this can be found among the listed selection criteria. The QAP has approximately 20 selection criteria which do not match the selection criteria set

forth in the NOFA. This creates questions: When do they both apply? Do they both apply? Does one or the other apply? Should the QAP be scaled back to be a higher level policy document?

Mike Fieldman:

Council Member posited as we go through this, developing a process that is really quite new, it is inevitable to have some bugs in it. But, wanting it to be as good as it can be, while also realizing that there are funds that need to be issued, what is your opinion as to the right balance with regard to the competing interests of producing a quality QAP and getting it done so that we can move forward to issuing funds?

Martha McLennan:

McLennan responded; if the process got delayed by 1 month it would probably not make a substantive difference to the projects. She recognized that there are some competing interests, but ultimately stated that pushing QAP completion out by one month will not have the preclusive effect that some think. Lisa Rogers iterated the importance of taking advantage of this opportunity to get the QAP as right as possible.

Chair Woolley:

Assured the public participants and audience that no matter what the housing council decides, they will receive any additional comments made during the comment period and take them into consideration. Chair Woolley stated, "if the comments we receive, once considered, require that we make a substantive change then, even if we approve the document today, we will have to come back together to re-approve the QAP." Everyone will have the opportunity to comment in the next 30-days to ensure that the input is there, so that we end up with a quality QAP and ultimately get everything aligned.

Anna Geller (please also see attached written comments submitted prior to the housing council meeting):

Recognized current leadership in the department and the housing council for the work they are doing. Stated some concerns about the mismatch between documents as well as some timing issues. Concerned about the fact that the QAP becomes a very counter-productive document when over-specific. She stated that the document seems to have two authors. One author concern with NOFA redesigned and one concerned with the old way.
She commented specifically that on page 19 debt service ratio and the cap on the DCR; Geller feels that the cap is arbitrary and is an impediment to the selection process.

Geller recommended that the developer fee not be diminished because donations are raised. Developers should not be discouraged from raising donations and should not be encouraged to develop projects that have low reserves and have to keep coming back to the department for more money because they have don't have high reserves to ensure that they receive higher developer fees.

She cautioned that the language about setting the developer fee at the time of equity closing is confusing. Overall Geller thinks it is a good idea to set the fee at closing because that is a real look from application to closing. She sees a problem with the "claw-back" of money

because it discourages developers from negotiating higher tax credit pricing. Investors love this because they pay less knowing that any amount they pay in excess goes right back to the state.

Geller requested, if preference for tax exempt status is going to remain in the QAP then there should be an added provision providing for the business rationale for that preference. She concluded with a warning regarding the serious ramifications of the mismatch between the NOFA and the QAP and the over-arching policy reformation goals.

Chair Woolley:

Called for questions from audience for staff.

Tom Cusack:

Is there a known date for the publication of the scoring criteria?

Castricano:

The NOFA and scoring criteria are a work in progress, so currently staff cannot give a date. In the next 30 days, staff are tasked to develop the application and update exhibits and must complete all the background work for the scoring process. The goal is to have it completed by March 31st. Training should occur in April in order to keep with the current schedule.

Karen Reed from NeighborWorks Umpqua

Requested clarification on whether a market analysis will be required?

Cody:

A CNA will be required, not a market analysis/study.

Shelly Cullin:

In regards to CNA, can you give us any sense of whether you would require it to be approved?

Cody:

No, not approved.

Chair Woolley:

The Housing Council is thinking that they will open public comment period, then come back to approve the changes in April. Chair Woolley mentioned that she was getting the sense that people feel rushed. "We can spare 30 days to make everyone feel comfortable, so that everyone has seen it and knows what is in it, in order for the council to adopt it."

Fieldman:

Concurred.

Koza:

Agreed, based on the comments.

Valfre:

Thanked staff. Staff has worked extremely hard, under the deadlines while allowing for input. Valfre wanted to note that he thinks that the fair-housing piece should get in because it is an important piece.

Castricano:

Staff will make substantive changes to QAP and make progress on project application and scoring manual.

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Chair Woolley:

A new schedule will be published, which includes when the public can expect scoring criteria. She encouraged staff to try to align and clean up these documents, calling attention to those substantive policy issues that need to be re-evaluated in relation to the existing draft. I would expect before we come back here that we will have a modified version that everyone has a chance to look at that will incorporate public comments up to the point of the end of the public comment period.

Van Vliet:

The department will speak with legal counsel to get crystal clear on whether or not we will need another 30-day comment period once the QAP is adopted, or voted on at the April meeting. Staff will set a time to have the document available for review with enough time for stakeholders to digest it.

Chair Woolley:

Staff need to make it clear when the scoring criteria and re-vamped document will be available for review and a we should be giving people the most amount of time possible.

Shelly Cullin:

Who should comments be sent to?

Van Vliet:

Send comments to Susan Bailey directly or send by email to anyone on the executive team at the department.

MOTION: Mike Fieldman moves to officially open the public comment period.
Vote: In a roll call vote the motion passes. Members present: Chair Woolley: Yes; Mike Fieldman: Yes; Zee Koza: Yes; Adolph "Val" Valfre, Jr.: Yes.

Chair Woolley:

Thanked everyone for participating. Thanked staff for the hard work and effort and outstanding work that has been done to date. She imparted confidence that a better document will be produced, that everyone will be pleased with. Chair Woolley called for any last questions.

Anonymous:

Can we publish all comments so everyone can see what everyone is seeing?

Van Vliet:

We can certainly publish any comments that are provided to us.

Anonymous:

Can policy issues be set out to clearly identify policy decisions?

Chair Woolley:

Yes.

Public hearing is adjourned and public meeting was resumed.

DRAFT

5. Report of the Director

Director Van Vliet discussed the status of the OHCS transition project, stating that staff continues to do a lot of listening and talking and that although not a lot of planning has taken place thus far, planning has begun. The decision has been made that OHCS would be well served to have a consultant team come in to guide us through this process. Therefore, OHCS engaged Coraggio Group to help us with change management. The first step of their work is an organizational assessment; they are taking an internal look to understand how OHCS operates, how we make decisions and what the culture looks like. The second step is a programmatic and fiscal analysis. They will be taking a look at how we receive money, what are the programmatic elements/impacts of our programs and the various work we do, and what our programs are intended to do versus how that actually plays out. Van Vliet asserted that the consultants do not stand in for her or the organization, although they may represent OHCS when appropriate, it is still very much the OHCS staff driving this initiative for the governor's office and the chief operator's office. The consultants will be reaching out to a variety of stakeholders in the near future, but she is not quite sure what that looks like yet.

Van Vliet then directed attention to the 3-month look ahead for council meeting agenda items reminding that at the April meeting, Michael Jordan, COO will be in attendance. She thinks it will be helpful to hear from him about where the OHCS transition fits in with broader transformation of state government depicted in the governor's 10-year plan. The May meeting will need to be moved from La Grande to Salem to accommodate for busy schedules surrounding legislative session. The director advised the housing council to think about scheduling the previously discussed joint meeting with CAPO and what time frame might be best suited for that opportunity to come together.

Van Vliet discussed how the sequester is going to impact housing in Oregon. Voucher program will have a big impact as well as clients they are trying to house. In terms of cuts to funds, the cuts will be felt by HOME and ESG funds. Partners out on the ground will feel more of the sharp impact in the short run.

7. Report of the Chair Jeana Woolley, Chair

Chair Woolley was asked to testify with several partners in front of House committee on Human Services and Housing. She commented that the OHCS agency review has been moved to a new committee this year. Chair Woolley posited that she was not well advised as to what the committee wanted to hear. The problem was that the committee members were not knowledgeable about what the agency does, who the players are or how those players interact.

She stated that it's clear that we will have to work together to educate the committee so that they can understand what needs to happen this legislative session and so that they can weigh in on the changes needed. It was an interesting start to the season. Hope we will get better guidance on what they need so that we can make a more meaningful process as we move forward.

Housing council members discussed approving the February meeting minutes and Chair Woolley accepted a motion from Zee Koza to table the approval until the April 5th meeting as the majority of members present for the meeting were not in attendance at the February 1st meeting and those who were listening by phone could not speak to the accuracy based on an

inability to clearly hear the proceedings given the existing phone conferencing system. Director Van Vliet informed that the phone system in the meeting room at OHCS is being updated to eliminate this problem from happening in the future.

Motion: Zee Koza moves that the Housing Council table approving February meeting minutes.
Vote: In a roll call vote the motion passes. Members present: Chair Woolley: Yes; Mike Fieldman: Yes; Zee Koza: Yes; Adolph "Val" Valfre, Jr.: Yes.

9. Adjourn of State Housing Council Meeting Jeana Woolley, Chair

_____
Jeana Woolley, Chair DATE
Oregon State Housing Council

_____
Margaret S. Van Vliet, Director DATE
Oregon Housing and Community Services

DRAFT

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OREGON STATE HOUSING COUNCIL MEETING

May 3, 2013 Meeting Minutes

MEETING LOCATION:

COUNCIL MEMBERS PARTICIPATED BY PHONE in lieu of physical meeting

Phone Conference held in conference room 124b of the North Mall Office Building, 725 Summer Street NE, Salem, OR 97301

HOUSING COUNCIL

MEMBERS PRESENT
Jeana Woolley, Chair
Tammy Baney
Aubre Dickson
Mike Fieldman
Val Valfre

Member's Not Present
Mayra Arreola
Zee Koza

GUESTS

NAME, ORGANIZATION
Doug Chrisman, Chrisman Development
Tony Chrisman, Chrisman Development
Shelly Cullin, Chrisman Development
Gina Leon, U.S. Bank
Tim Cox

OHCS STAFF PRESENT

Margaret S. Van Vliet, Director
Julie Cody, Administrator, Program Delivery Division
Janna Graham, Loan Specialist
Heather Pate, Multi-family Section Manager
Teresa Pumala, Loan Specialist
Katherine Silva, Executive Assistant to the Director
Kim Travis, Community Engagement Manager
Debie Zitzelberger, Senior Loan Officer

1. **CALL TO ORDER**: Chair Woolley calls the May 3, 2013 meeting to order at 9:04 a.m.

2. **ROLL CALL:** Chair Woolley asks for roll call. **Present**: Tammy Baney, Aubre Dickson, Mike Fieldman, Adolph Val Valfre Jr. and Chair Jeana Woolley.

3. **APPROVAL OF MEETING MINUTES**

   a. **March 1, 2013 (Revised):**

Chair Woolley acknowledged that the March 1, 2013 minutes have been revised and asked that the council defer approval until the next meeting, so that additional edits may be made and council has time to review the minutes in final form. In the interim, Chair Woolley will work with OHCS staff to finalize the minutes prior to the next meeting.

b. **April 5, 2013:**

Chair Woolley asks if there are any corrections to the April 5th, 2013 meeting minutes. There being no corrections the motion was read:

Motion: Val Valfre moves that the Housing Council approve the April 5th, 2013 meeting minutes as written.

Vote: In a roll call vote the motion passes. Members present: Tammy Baney, Aubre Dickson, Mike Fieldman, Adolph Val Valfre Jr., and Chair Jeana Woolley.

3. **New Business**

Crooked River Apartments, LLC, Portfolio Financing Package Request.

Debi Zitzelberger, Senior Loan Officer in the Multifamily Finance and Resource Section presented this request before the council.

Zitzelberger spoke to this project stipulating a request for $5,193,296 in Conduit bond proceeds for Crooked River Apartments, LLC. In addition to the Conduit bond request the applicant requested $4,650,005 in Housing Preservation funds, $206,800 in Low Income Weatherization funds and $288,433 in annual allocation of 4% Low Income Housing Tax Credits.

Crooked River is an OHCS portfolio project consisting of three properties to be purchased under one ownership and under one financing package. Two properties are located in Madras, Madison Apartments and Willow Creek Apartments. And the third property is located in Redmond, Wintergreen Apartments. Collectively, these projects total 94 units of affordable rental housing. The acquisition and renovation of the three properties by Crooked River Apartments LLC will cure the deferred maintenance issues and extend the economic viability of the properties.

US Bank is both the bridge lender and purchaser of the bonds for the acquisition and renovations. At maturity of the bridge loan, the tax credit equity and Housing Preservation finds will be used to pay off the bridge loan; essentially paying off the bonds. Enterprise Community Investment, the tax credit investor, and US Bank have completed their underwriting and have received approval from their respective loan/credit committees without any substantive conditions.

Crooked River Apartments, LLC will assume the long-term permanent loan from USDA Rural Development (RD). The properties currently receive RD rental subsidy, which will continue with the acquisition and will increase the number of subsidized units upon renovation. Zitzelberger noted that this is nearly unprecedented.

RD has reviewed the assumption package and has approved it at the local level. The headquarters office has also approved the assumption. Next, RD will need to approve all closing conditions and assumption documents. Although it is unclear how long this piece will take, the financing team is working toward a bond sale closing of June10th and the developer has the

projected target closing of June 13th. If RD is not ready to close the week of June 10th, the closing will be postposed to mid-July to accommodate the multiple calendaring conflicts.

The lender, investor and bond council have prepared advance copies of the financing documents, which have been circulated within RD's legal department in hopes of expediting the review process. Zitzelberger also noted that this step is nearly unprecedented and speaks to the caliber of the team working on this project.

The Management Agent Plan, Qualifications and Resident Services Plan was submitted by Viridian Management Inc. and approved by OHCS' Asset and Property Management Division without conditions.

Zitzelberger requested that the motions found on page 18 of the Housing Council packet be approved to allow for the acquisition and renovation of Madison Apartments, Willow Creek Apartments, and Wintergreen Apartments, collectively known as Crooked River Apartments.

Doug Chrisman, of Chrisman Development, expressed his appreciation for all of the help from the agency and excitement to be close to the closing date. Chrisman also thanked the council for their consideration.

Val Valfre commented that he saw no glaring problems with the plan as presented, and asked for clarification regarding two discrepancies he noticed in the report. Valfre pointed out that the report stated that the tenants would remain in their units and later refers to 2 of the buildings being completely vacant during renovation. Valfre asked if the buildings were currently vacant to accommodate that?
Answer: Doug Chrisman responded that there will be a temporary, less than 30-day, relocation of tenants. There is a relocation plan in place and the tenants will be compensated for the relocation.

Val Valfre also pointed out that the current zoning is listed as medical overlay. He asked whether the property houses a medical population that meets the zoning criteria?
Answer: Zitzelberger stated that she assumed that since the buildings have been in that location for a long period of time, that likely they are a pre-existing non-conforming use, but deferred to Doug Chrisman for more detail. Chrisman stated that the zoning is listed as medical overlay because the property is located close to the hospital but currently the project is a legal conforming use of the property.

Valfre asked whether it is anticipated that the 6.5% affordable vacancy indicated in the report for the Wintergreen will be an issue going forward without new construction.
Answer: Gina Leon, of US Bank, stated that they are comfortable with the 6.5% for a couple of reasons: there has been very little apartment development in the recent years; the Chrisman's renovations are of such quality that they will be competitive in this market; and this complex has previously had a waiting list

Doug Chrisman added that all locations for this project will have full-rental assistance and noted that another property of his, one block away from Wintergreen has had 95% percent occupancy. In his experience, rental assistance correlates with high occupancy.

Chair Woolley called for additional questions.

Aubre Dickson, asked whether the project rent shown in the report includes the rental subsidy?
Answer: Yes.

Dickson followed-up by inquiring if the investor thought about the subsidy layering issue and if there were any reserves over and above the standard 6 months for any potential revenue deficit?
Answer: Zitzelberger responded that subsidy layering has been done and no issues were found. She deferred to Chrisman regarding reserves; Chrisman stated that there are no reserves in addition to the traditional 6 month requirement.

Dickson asked if what the set aside is to ensure that they are meeting the targeted incomes and if they are all (all properties) at 60% MFI?
Answer: Chrisman answered yes, two properties are at 60, and the Madison site is at 50.

Dickson, satisfied that his questions had been answered deferred to Chair Woolley. Chair Woolley called for any additional comments or questions. There being none, a motion was read.

Motion: Tammy Baney moves that the housing council approve all 3 motions on page 18 of their packet, which would award $5,193,296 in Conduit bond proceeds, $4,650,005 in Housing Preservation funds, $206,800 in Low Income Weatherization funds and $288,433 in annual allocation of 4% Low Income Housing Tax Credits for Crooked River Apartments, LLC.

Vote: In a roll call vote the motion passes. Members present: Tammy Baney, Aubre Dickson, Mike Fieldman, Adolph Val Valfre Jr. and Chair Jeana Woolley.

Chair Woolley congratulated Doug Chrisman, Shelly Cullins and Gina Leon.

4. **REPORT OF THE DIRECTOR**

- ***Update on Materials for May 17th, Housing Council Meeting.*** Director Van Vliet underscored that she and OHCS staff looking forward to the May 17th meeting. She made note that Val Valfre will not be in attendance on May 17th and wanted to ensure everyone that staff will work hard to get materials to him in advance to bring him up to speed on the QAP so he has a chance to reflect, make comments and ask questions prior to leaving the country.

Van Vliet reiterated that staff are fully committed to publishing the QAP and all of accompanying documents in time to allow for full week of review. More information will be forthcoming early next week. Julie Cody, Karen Tolvstad and the Director will be available for any questions prior to the May 17th meeting.

Chair Woolley ask the director, when do you think the council member packet be made available to council members?

Director Van Vliet responded that the packet will be available on May 10th, at which point we will also be publishing the supporting documents that provide additional context, but that do not require specific housing council approval.

Chair Woolley followed-up by inquiring about the draft NOFA. Asking specifically, even though the council does not need to approve it, will the NOFA document be in a redrafted form sufficient enough for the council to review it as it relates to the QAP?

Van Vliet informed council members that from a procurement point of view, OHCS has been advised not to publish any additional drafts of the NOFA. OHCS will be publishing the policy manual, the scoring criteria, and the methodology for receiving and scoring applications which provide the pertinent supporting information she believes council and interested community members are looking for.

Val Valfre asked when will the NOFA be presented to the public?

Director Van Vliet responded that the NOFA would be made available mid-June which coincides with the schedule previously published.

- ***Upcoming Housing Council Meetings.*** At the June 7th meeting, Director Van Vliet anticipates spending the bulk of the meeting on the transition process. She suggested to the council that Michael Jordan or Duke Shepard from the governor's office be invited to attend the June 7th meeting to give their perspective on the transition work and the importance of what OHCS is doing. In addition to Michael Jordan or Duke Shepard's presence at the June 7th meeting, there will be a presentation on asset management put on by the staff at Housing Development Center. They have been working on providing training on property and asset management approaches to non-profit entities. Having discussed the meeting schedule with Chair Woolley, Director Van Vliet recommended cancelling the July meeting. She advised housing council members that an approval may need to be done by phone if a project timeline requires it, but due to scheduling conflicts the regular meeting should be canceled.

- ***Unused 2013 9% Tax Credits.*** To follow up on disposition of the unused 9% tax credits, which was flagged at the April 5th,2013 council meeting, Director Van Vliet stated that serious consideration had been given on how to award the remaining credits in a fair and justifiable way. Van Vliet advised the council that a decision had been made to

award the unused credits to the next two projects in line for funding. Council members unanimously agreed that this was a wise decision. The Director stated that the official announcement will be made by early the following week.

5. **Other**

Chair Woolley called for any additional comments or questions.

Val Valfre commented that he was able to watch Van Vliet's Ways and Means presentation to the joint-subcommittee. He asked if any feedback had been received, of note, which would be valuable to the council?

Director Van Vliet responded that the department has not received any comments to note as the Senator with particular interest, Betsy Johnson, was injured in a car accident and has been out. The director noted that she feels as though everyone is waiting for the upcoming revenue forecast to see what will happen with the big moving parts in the budget, like PERS.

6. **Report of the Chair**

Chair Woolley acknowledged the diligent and creative work done by OHCS staff, particularly with regard to stakeholder engagement. Chair Woolley also advised the council that she will be meeting with Director Van Vliet periodically to keep housing council and OHCS aligned as the process moves forward. Tammy Baney acknowledged Chair Woolley for taking on this extra work on behalf of the council members and thanked her for the proactive steps she is taking to keep everyone on track.

Chair Woolley along with the housing council members thanked and encouraged OHCS staff to keep up the good work.

Tammy Baney also thanked OHCS staff mentioning how tremendous the CFC redesign work load is in the midst of a busy legislative session and while working through the transition planning effort. She encouraged staff to keep up the good work.

Mike Fieldman, Aubre Dickson and Val Valfre reiterated Chair Woolley and Tammy Baney's sentiments.

With no other business, the meeting was adjourned by Chair Woolley at 9:56 a.m.

_____	_____
Jeana Woolley, Chair DATE	Margaret S. Van Vliet, Director DATE
Oregon State Housing Council	Oregon Housing and Community Services

Memorandum

To: Finance Committee/State Housing Council

From: Danny Gette, Loan Officer & Project Manager

Date: May , 2013

Re: Tutuilla Road Housing Project Phase I Pendleton - Loan Guarantee

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EXECUTIVE SUMMARY

Project Name	Tutuilla Road Housing Project Phase I Pendleton
Lender:	iQ Credit Union, Vancouver, WA
Borrower:	LLC to be formed
Bank Loan:	$1,550,000
Use of Bank Loan:	New Construction,
State Guarantee:	$387,500 (25% of loan)
Project Specs:	22 units (Mix of Duplexes and detached homes) on 2.07 acres
Terms of Loan:	Construction 18 months, Perm 36 months, not to exceed 60 months total
Terms of Guarantee:	Not to Exceed term of loan with a maximum guarantee of 60 months.
Stabilized Appraised Value/LTV:	$1,829,600 / 85% LTV without Guarantee, 64% LTV with Guarantee
Target Population:	Working Population at or below 80% AMI

The Request:
This request is to utilize $387,500 of Loan Guarantee Trust Fund to guarantee a loan by iQ Credit Union to a *soon to be formed LLC* whose members will be Saj Jivanjee (Managing Member and Architect) and Richard (Dick) Krueger. The two men have partnered on several multi-family projects in Oregon. This is the first project they have proposed to OHCS but Saj has specialized (as architect and developer) in "Workforce (Affordable) Housing" projects for the past 20+ years. The LLC will be a "For Profit" venture targeted to "Low Income" families in Pendleton, OR.

/ S /	May 09, 2013
Julie V. Cody, Finance Committee Chair	Date
/ S /	May 09, 2013
Margaret S. Van Vliet, Director	Date

[Recommended motion on next page]

RECOMMENDED MOTIONS

Finance Committee and State Housing Council:

LOAN GUARANTEE RECOMMENDED MOTION: To approve a Loan Guarantee request not to exceed $387,500 (25% of loan) to iQ Credit Union for the funding of New Construction of proposed project currently known as Tutuilla Road Housing Project Phase I Pendleton.

The Project:
The Tutuilla Road Housing Project, Phase I, Pendleton will be a 22 unit (10 duplexes and 2 detached homes; all single-story) built on one tax lot in Pendleton, OR. 14 units will be 2 bedroom/2 bath each with 996 square feet. 8 units will be 3 bedroom/2 bath each with 1,210 square feet. This will be the first of three phases totaling 72 total units at completion. iQ is seeking a guarantee only for Ph I at this time. Phases II & III will not begin until Ph I is complete. Ph I is 2.07 acres taken from the total 7.02 acres for all three phases.

The Lender:
iQ Credit Union is a small Vancouver, WA based Credit Union with a $300M loan portfolio. The following notes are taken from proposals by the lender:
"Although the underwriting meets iQcu requirements, iQcu cannot justify financing a residential rental construction project in Pendleton, OR using the same underwriting guidelines that are applicable in the larger populated Portland/Vancouver market. The risk associated with a smaller population base is not equal. The 25% Loan Guarantee mitigates the risk differential such that iQcu can provide the indicated loan amount. After approval from the State of Oregon for the 25% Guarantee, a formal request will be submitted for iQcu Loan approval in the amount of $1,550,000."

"In the subject project, the City of Pendleton will deed the land to Saj and then subordinate their mortgage claim to the developer's lender. This equates to $240,000 of equity. The City of Pendleton loaned Saj (Developer) $50,000 to pay for the initial project due diligence and investigative work. In addition, the City of Pendleton will build the frontage access road including the all of the utility stubs to the subject site. The associated costs for the frontage road and utility stubs are estimated at $662,000. These expenses are often required off-site improvement for the developer. In order to attract a lender for the project, Saj arranged for the State of Oregon to provide a 25% loan guarantee."

Loan Officer Notes:
In a City Council Meeting held May 7, 2013, a Resolution was approved creating a Local Improvement District (LID) to fund the infrastructure development (not included in lender financing). The Lender is satisfied with this LID and provisions to accomplish infrastructure development.

Previous obstacles addressed include use of these funds for Low Income rather than Very Low Income in a program that allows a maximum of 25% total portfolio in Low Income (OAR 813-043-0050). In addition, the project did not address the following program considerations:
(b) Insuring the longest possible use as Low or Very Low Income housing units; or

(c) Including a program of services for occupants of proposed housing including, but not limited to, programs that address home health care, mental health services, alcohol and drug treatment and post-treatment care, child care and case management;

This was mitigated with a needs analysis of workforce housing in Pendleton as compared to Urban locations. As seen in the attached Needs Analysis, 80% income in Umatilla County is comparable to 67% income limit in the Portland MSA. In addition, the current inventory of affordable housing in Pendleton consists mostly of older structures with significant deferred maintenance.

In discussion with City Manager, Robb Corbett, this project is extremely welcome. The major impediment to attracting industry has been limited quality workforce housing. This project is seen as a solution to the current issues facing Pendleton Residents and will also provide much economic vitality in the near and long term.

The project meets lender required cash flow and DSC underwriting requirements. See attached budget at absorption. With the approved 5.25% iQ loan, average rents of $811 will achieve DSC of 1.24:1.

The 14 two bedroom units will be charged rents of $775/mo and the eight-three bedroom units $875/mo. This is well within the LIHTC 2013 Rent limits of $1,042 and $1,203, respectively.

I recommend approval of the motion found on the second page of this report.

/ S /

Danny Gette, Loan Officer
Multifamily Finance and Resources Section

Attachments

Overview of Need for Workforce Housing
Tutuilla Road Housing Project Phase I Pendleton Oregon

22 unit workforce housing project, 80% Median Family Income
- 14 two bedroom units; - 8 three bedroom units

Umatilla County Income Limits:

Household Size	2013 Income Limit at 80%
1 Person	$32,400
2 People	$37,040
3 People	$41,680
4 People	$46,240
5 People	$50,000
6 People	$53,680
7 People	$57,360
8 People	$61,040

80% Income Limit in Umatilla County is equivalent to
59% of the income limit in Benton County &
67% of the income limit in the Portland MSA

80% Households in Pendleton and Umatilla County

	Pendleton	Umatilla County	Percent of County
All Households earning 80% or less Median Family Income	2,764	12,121	22.8%
All Housing Burdened Households earning 80% or less Median Family Income	1,339	6,261	21.4%
% burdened	48.5%	51.7%	-

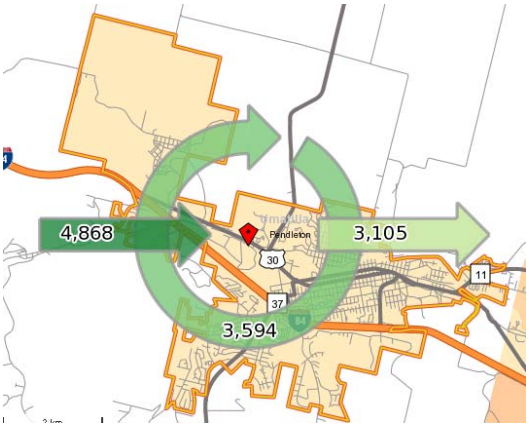
2007-11 American Community Survey

Pendleton Workforce

	#	%
Employed in the Pendleton	**8,462**	
Employed in Pendleton Living Elsewhere	4,868	57.5%
Living and Working in Pendleton	3,594	42.5%
Living in Pendleton	**6,699**	
Living in Pendleton Employed Elsewhere	3,105	46.4%
Living and Working in Pendleton	3,594	53.6%

Of the 8,462 individuals employed in Pendleton
Just 42.5% also live in Pendleton.

48.3% of Pendleton employees commute over
10 miles to their home.



2010 Census Longitudinal Employer Household Dynamics

Housing Condition

Pendleton has a much higher rate of older housing stock when compared to both the county, region, and the state, with more than 32% of the housing having been built before 1950.

	Total Housing Units	Housing Units Built pre-1950	% of Housing Units that are built pre-1950
Pendleton	**6,679**	**2,149**	**32.2%**
Umatilla County	29,660	6,733	22.7%
Eastern Oregon	80,300	21,654	27.0%
Oregon	1,666,014	301,977	18.1%

2011 Pendleton Housing Market Analysis commissioned by Oregon Solutions identifies the need for improved quality housing, increase in larger unit sizes, and the use of incentives to develop for incomes higher than the 60% median income allowable by programs such as HOME or tax credits.

"One market segment that does appear to be underserved and therefore needs an increase in both supply and quality is 2- and 3- bedroom rental units that can serve larger families" (page 46)

"Without incentives that bring down the cash equity required, it is difficult to see how a market-rate project could be developed." (page 54)

22 Unit Pendleton

REVENUE			PER UNIT/MONTH	ANNUAL
	RENT INCOME 14@$775, 8@$875		811.36	214,200
	HOA FEES ($165)		0.00	0
	LESS VACANCY@ 5%		(40.57)	(10,710)
	INTEREST INCOME		0.08	20
	OTHER INCOME		0.57	150
	NSF, LATE CHARGE & SCREENING		6.06	1,600
	DAMAGES & CLEANING FEES		5.68	1,500
	WATER & SEWER COLLECTION		37.12	9,800
	TOTAL		820.30	216,560
OPERATING EXPENSES				
	TOTAL		339.11	89,526
OPERATING INCOME			481.19	127,034
INTEREST EXPENSE		1.55M @ 5.25% - IQ CU	308.24	81,375
AMORTIZATION			0.00	0
DEPRECIATION			0.00	0
NET INCOME(Per Financial Stmts):			172.95	45,659
ADJUSTMENT TO CASH BASIS:				
ADD BACK:				
x	DEPRECIATION		0.00	0
x	AMORTIZATION		0.00	0
	INSURANCE PD FROM ESCROW		0.00	0
	TAX PD FROM ESCROW		66.67	17,600
	OAHTC FEE PD FROM ESCROW		0.00	0
TOTAL ADDITIONS:			66.67	17,600
SUBTRACTIONS:				
x	DEBT PRINCIPAL PAYMENTS		80.81	21,335
x	REPLACEMENT RESERVE PYMTS		25.00	6,600
x	TAX & INS RESERVE PYMTS		0.00	0
TOTAL SUBTRACTIONS:			105.81	27,935
NET CASH FLOW:			133.80	35,324
DCR				1.24

Oregon Housing and Community Services

2013 Qualified Allocation Plan

LOW INCOME HOUSING TAX CREDIT PROGRAM

Effective as of Xxxx XX, 2013

725 Summer St NE Suite B, Salem, OR 97301-1266

(503) 986-2000 FAX (503) 986-2002 TTY (503) 986-2100

www.oregon.gov/OHCS

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I. INTRODUCTION

The Tax Reform Act of 1986 created the Low Income Housing Tax Credit (LIHTC), under Section 42 of the Internal Revenue Code (Code or IRC), to assist the development of low-income rental housing by providing qualified Owners with income tax credit to reduce their federal tax obligations.

The LIHTC program is jointly administered by the United States Treasury Department Internal Revenue Service (IRS) and authorized state tax credit allocation agencies. Under Executive Order EO-87-06, the Governor of Oregon designated Oregon Housing and Community Services (Department) as the administrator of the LIHTC program. The Department is authorized to allocate tax credits for residential buildings located in the state of Oregon. The Department administers the LIHTC program in accordance with Oregon Administrative Rule (OAR) Chapter 813, Division 90. For more information on the LIHTC program policies, refer to the LIHTC Program Manual.

This Qualified Allocation Plan (QAP or Plan) is intended to comply with the requirements of Section 42(m)(1)(B) of the Code, which requires that a Qualified Allocation Plan set forth (i) the selection criteria to be used to determine the Department's housing priorities, (ii) the preferences of the Department in allocating credit dollar amounts among selected projects, and (iii) the procedures that the Department will follow in monitoring for noncompliance and notifying the IRS of such noncompliance and in monitoring for noncompliance with habitability standards through regular site visits.

II. COMPETITIVE AND NON-COMPETITIVE TAX CREDITS

A. COMPETITIVE HOUSING TAX CREDITS

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

1. **9 percent Tax Credits:** Nine percent competitive tax credits receive approximately 70 percent of the qualified basis for new construction or rehabilitation of qualified low-income buildings.
2. **4 percent Tax Credits:** Four percent competitive tax credits receive approximately 30 percent of the qualified basis of acquired buildings that are rehabilitated, and are commonly used for federally funded developments such as United States Department of Agriculture Rural Development (RD) Section 515 program and United States Department of Housing and Urban Development (HUD) 811 and 202 program projects.

B. NON-COMPETITIVE HOUSING TAX CREDITS

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

requirements established by the Department. For more information, refer to the State of Oregon LIHTC Program Manual.

1. **4 percent Non-competitive Tax Credits:** Four percent non-competitive tax credits receive approximately 30 percent of the qualified basis of newly constructed or acquired and rehabilitated buildings financed in conjunction with tax-exempt bond proceeds.

III. PROJECT SELECTION PREFERENCES AND CRITERIA

A. QUALIFIYING BUILDINGS

In order to qualify for the tax credit, an eligible building must be part of a qualifying low income project. A project is qualifying only if it meets one of the following requirements:

1. At least 20 percent of its units are rent-restricted and rented to households with incomes at 50 percent or less of area median gross income, adjusted for family size (the "20-50" test) or
2. At least 40 percent of its units are rent-restricted and rented to households with income at 60 percent or less of area median income, adjusted for family size (the "40-60" test).

B. IRC SECTION 42 STATUTORY PREFERENCES, SELECTION CRITERIA, AND SET-ASIDES

1. **Project Preferences**: For the purposes of ranking projects and allocating credit dollar amounts, the Department will give preference to projects that serve the lowest income tenants; are obligated to serve low-income tenants for the longest periods; and are located in qualified census tracts and the development of which will contribute to a concerted community revitalization plan.
2. **Selection Criteria:** The Department will consider sponsor and project characteristics, including whether the project includes the use of existing housing as part of a community revitalization plan. The Department will give weight to those projects that:
   a. Are located in areas of special need as demonstrated by location, population, income levels, availability of affordable housing and public housing waiting lists;
   b. Set aside units for tenant populations with special housing needs, or populations of individuals with children;
   c. Are intended for eventual tenant ownership;
   d. Are energy efficient; or
   e. Are of a historic nature
3. **Qualified Non-Profit Set-Aside**: In accordance with the requirement of the Code, the Department will reserve at least 10 percent of the state housing credit ceiling for a calendar year for projects in which qualified nonprofit organizations have an ownership interest and materially participate in the development and operation of the project throughout the compliance period, all as described in the Code. A qualified nonprofit organization is an organization described in Section 501(c)(3) or (4) of the Code, which, is determined by the Department not to be affiliated with or controlled by a for-profit organization and one of whose exempt purposes includes the fostering of low-income housing.

C. CODE REQUIREMENTS

In order to receive an award of LIHTCs, a project must meet all of the requirements of Section 42 of the Code.

D. DEPARTMENT PREFERENCES, SELECTION CRITERIA, AND SET-ASIDES

In addition to the selection preferences, criteria and set-asides required by the Code, the Department may apply additional selection preferences, criteria, and set-asides, as stated in this Plan.

1. **Project Preferences:**

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

2. **Selection Criteria**: The following selection criteria is used to evaluate Projects, to the extent the project:

   a. Serves tenants with the lowest income

   b. Serves qualified tenants for the longest periods (See D.1)

   c. Is located in a qualified census tract

   d. Demonstrates the strength/capacity of sponsor organizations including but not limited to financial strength, past compliance, and development record

   e. Is Consistent with OHCS' energy efficiency guidelines and green building requirements identified in the funding application

   f. Creates affordable housing opportunities in areas identified with significant population or housing condition needs, including public housing waiting lists

   g. Creates affordable housing opportunities in areas identified as previously underserved

   h. Addresses critical housing needs within communities

   i. Creates housing in communities responsive to local or statewide policy initiatives

   j. Creates housing in communities that are part of neighborhood preservation, community revitalization, or redevelopment effort

   k. Projects that result in the de-concentration of poverty by locating low-income housing in low poverty areas, which are Census Tracts where less than 10 percent of the population lives below the poverty level.

   l. Creates housing for families with children and special needs populations

   m. Involves the acquisition or rehabilitation of preservation projects with at least 25 percent of the units having federal project-based rent subsidies

   n. Integrates with other community needs through mixed-income or mixed-use projects

   o. Is located in proximity to services, employment opportunities, and/or transportation

   p. Is responsive to neighborhood character and population needs

   q. Leverages OHCS resources through other sources of funding

r. Involves collaboration between multiple entities from the public, private and/or nonprofit sector

s. Reuses or rehabilitates existing housing stock

t. Innovates to create opportunity and addresses obstacles, including projects designed for eventual tenant ownership

Applications for competitive tax credit allocations are evaluated in the context of the given application and the financial feasibility or capability of the applicant to fulfill or perform each selection criteria activity. Certain threshold requirements must be met for all projects, unless otherwise stated in any Addenda. Proposals not meeting threshold requirements will not be processed further. Threshold requirements include: Asset Management Compliance Review; Program Compliance Review; Resident Services Description Review; Readiness to Proceed; Financial Feasibility; Development Team Capacity; and Ownership Integrity.

Refer to the individual competitive funding notices for specific application procedures and detailed selection criteria and scoring.

3. **Set-Asides:**

a. **Other Set-Asides**: The Department may also reserve a portion or portions of its allocation of state housing credit ceiling for other types of projects or sponsors.

b. **Housing and Economic Recovery Act of 2008 (HERA) Basis Boost.** Pursuant to HERA, the Department has the authority to increase the eligible basis of certain buildings to 130 percent of the eligible basis, when the Department determines that the financial feasibility of the building requires it. The Department, through its policies, shall establish criteria and procedures for implementing such designations. The criteria and procedures shall apply to all projects seeking the boost regardless of the year of the allocation to the projects, to the extent that the projects were not placed in service prior to July 30, 2008.

i. Involves the acquisition or rehabilitation of preservation projects with at least 25 percent of the units having federal project-based rent subsidies.

ii. Projects serving permanent supportive housing goals.

iii. Projects located in an area where workforce housing needs are identified or community needs show a preference for the housing in the area.

iv. Projects that are located in Transit Oriented Districts (TOD's) or Economic Development Regions (EDR's) as designated by local governments, or projects in a designated state or federal empowerment/enterprise zone or Public Improvement District (PID's), or other area or zone where a city or county has, through a local government initiative, encouraged or channeled growth, neighborhood preservation, redevelopment, or encouraged the development and use of public transportation.

v. Projects that result in the de-concentration of poverty by locating low-income housing in low poverty areas, which are Census Tracts where less than 10 percent of the population lives below the poverty level.

E. PROJECT FEASIBILITY AND VIABILITY

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

IV. PROJECT MONITORING PROCEDURES AND NOTIFICATION

A. OVERVIEW

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

The Department is responsible for establishing compliance monitoring procedures and must report noncompliance to the IRS. Monitoring each project is an ongoing activity that extends throughout the extended use period (a minimum of 30 years). Projects with funding sources obtained from the Department, in addition to the credits, will be monitored for the most restrictive requirements of all combined programs. Owners must be aware of the differences in program regulations. The Department's Compliance Manual is incorporated via reference and may be found at **http://www.oregon.gov/ohcs/Pages/APMD_DivisionMain.aspx.**

B. COMPLIANCE MONITORING PROCESS

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

3. **COMPLIANCE STATUS TRACKING**

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

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

D. OWNERSHIP, MANAGEMENT PLANS and QUALIFICATIONS

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

E. ANNUAL OWNER CERTIFICATION REPORTING AND MONITORING

Annual certification of continuing compliance is due April 15th of each year.

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

F. INSPECTIONS

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

G. LIABILITY

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

H. CORRECTION OF NON-COMPLIANCE CONDITIONS

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

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

I. NON-COMPLIANCE REQUIRING ADDITIONAL DEPARTMENTAL STAFF TIME

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

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

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

J. ACQUISITION/REHABILITATION TENANT CERTIFICATION POLICY

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

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

K. FEDERAL FAIR HOUSING ACT

LIHTC properties are subject to Title VIII of the Civil Rights Act of 1968 also known as the Fair Housing Act. When HUD has determined that state or local laws are substantially equivalent to the federal Fair Housing Act, a state or local fair housing agency investigates fair housing allegations, attempts conciliation and determines whether reasonable cause exists to believe a discriminatory practice has occurred. If the fair housing agency makes a determination of reasonable cause, then a charge is filed with representations of the complainant provided by a state or local representative.

Reporting of Fair Housing Act Administrative and Legal Actions: HUD or U.S. Department of Justice (DOJ) will notify a State agency of:

- a charge by the Secretary of HUD for a violation of the Fair Housing Act,
- a probable cause finding under substantially equivalent state or local agency,
- a lawsuit under the Fair Housing Act filed by the DOJ, or
- a settlement agreement or consent decree entered into between HUD or DOJ and the Owner of an LIHTC property.

1. **OHCS Responsibility**: On receipt of notifications from HUD or DOJ, the Department will file a Form 8823 with the IRS noting the potential violation, and notify the owner in writing. The Department will report potential Fair Housing Act violations discovered during their compliance monitoring activities to the HUD Regional office, or other fair housing enforcement agencies as appropriate.

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

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

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

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

M. RECORDKEEPING AND RECORD RETENTION

1. **Recordkeeping:** The Owner of a low-income housing project must keep records for each building in the project for each year of the term of the Regulatory Agreement (Extended Use Agreement):

   a. The total number of residential rental units in the building (including the number of bedrooms and the size in square feet of each residential rental unit);

   b. The percentage and number of residential rental units in the building that are low-income units;

   c. The percentage and number of residential rental units in the building that are subject to the additional low-income unit set-aside requirements;

   d. The percentage and number of residential rental units in the building that are subject to the special-needs unit set-aside requirements;

   e. The rent charged for each low-income unit in the building (including any utility allowances);

   f. The number of occupants in each low-income unit;

   g. The number of occupants in each residential rental unit in the building that is subject to a special-needs unit set-aside requirement related to household size;

h. The low-income unit vacancies in the building and information that shows when, and to whom, the next available units were rented;

i. The vacancies of any additional low-income set-aside units in the building and information that shows when, and to whom, the next available units were rented;

j. The vacancies of any special-needs set-aside units in the building and information that shows when, and to whom, the next available units were rented;

k. The initial annual income certification of each low-income resident and any recertification of income that is required;

l. Documentation to support each low-income household's income certification;

m. Documentation to support that each household that is subject to a special-needs unit set-aside for such special-needs unit set-aside or commitment;

n. The eligible basis and qualified basis of the building at the end of the first year of the credit period;

o. The character and use of the nonresidential portion of the building included in the building's eligible basis under Section 42(d) of the Code; and

p. The date that a resident initially occupies a rental unit and the date that a resident moves out of a rental unit.

q. The Owner shall also keep such additional records throughout the term of the Regulatory Agreement (Extended Use Agreement) necessary or appropriate to demonstrate compliance with the Code, the tax credit program and the Owner's commitments and obligations under the tax credit program contracts, including the Regulatory Agreement (Extended Use Agreement).

2. **Record Retention:** The Owner of a low-income housing project must, during the term of the Regulatory Agreement (Extended Use Agreement), retain the records described above: (i) for at least six (6) years after the due date (with extensions) for filing the federal income tax return for that year; and, (ii) with respect to any year for which an income tax return is not filed or does not reflect the Credit for such project, for at least six (6) years after the end of that year. The records for the first year of the credit period as defined under Section 42(f)(1) of the Code, however, must be retained for at least six (6) years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period as defined under Section 42(i)(1) of the Code with respect to a building in the project.

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

V. ADDITIONAL CONSIDERATIONS

A. RESERVATION OF RIGHTS

1. Documentation of Discretion

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

All department policies other than those mandated by Section 42 are considered as guidelines and may be waived. A written request for a waiver or exception, accompanied by justification, may be submitted to the Department. QAP waivers will be documented for all projects and regular periodic publications of waivers will identify the applicant, the QAP provision waived, and the reason for waiver. In addition, the summary for projects recommended for funding may identify and explain waivers granted for any projects listed.

2. Policy on Exceptions/Waiver Requests

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

3. 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.

4. Disclaimer

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

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

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

B. FEES AND CHARGES

The State of Oregon and the Department may assess appropriate fees and charges in order to administer and monitor the LIHTC program.

C. PUBLIC COMMENT REQUIREMENTS FOR THE QAP AND AMENDMENTS

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

D. CORRESPONDENCE AND SUBMITTALS

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

LIHTC Program Manager
Oregon Housing and Community Services
725 Summer St. NE, Suite B
Salem, OR 97301-1266

E. EFFECTIVE DATE

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

Issue	Commenter	Comment:	Department Response:
Based on comments received at the March 1, 2013 Housing Council meeting, OHCS has streamlined the QAP to be in line with federal regulatory requirements outlined in the Internal Revenue Code Section 42 (m). The extensive LIHTC program detail has been moved to Policy and Program Manuals. All comments received on the QAP were considered in the development of those new ancillary documents. The Policy and Program Manuals will be adopted in Temporary Rules prior to the issuance of any 2013 Notices of Funding Availability, and will be made permanent, though a public rule making process, by December 31, 2013.			
Basis Boost	Cusack, Oregon Housing Blog (3/28 ltr)	p. 10: Permit basis boost to affirmatively further fair housing.	QAP revised: HERA Basis Boost to include "de-concentration of poverty." See QAP Section III.D.3.b.v.
	McGuire (3/29 ltr)	p. 10: Allow for siting housing in a location that will deconcentrate poverty.	
Green Building	Bodaken, NHT (3/29 ltr)	Continue including green building practices & materials/energy efficient design features	This is included in the selection criteria of the QAP. See QAP Section III.B.2.d. It is will be further defined in the underwriting guidelines, currently under development.
Developer Fee (p. 19-20)	Cornelius, Guardian (3/4 ltr)	1) Is there opportunity for input on new Developer Fee policy alluded to in NOFA? 2) "as determined by OHCS" language can lead to subjective decisions that treat comparable situations differently. Determinations should be made at front end project within guidelines. 3) Policy to set the developer fee at closing and reviewing expenses would need to be very timely. Policy infers that OHCS staff better able to determine fee structure than the investor and lender who have funds at risk. 4) Possible appraisal requirement re: as-is value is vague. FIRREA rules imposed by lenders should be sufficiently objective. 5) Policy should contain precise definitions of related parties and identity of interest – industry has different definitions. 6) Restricting cost savings by the developer to just	1) Staff took input received at various work sessions, and at Housing Council and comments in writing afterward. 2) The Department is developing clear underwriting guidelines that will be published, to provide uniform review for like projects. 3) Developer Fee will be set at construction/equity closing, instead of the past practice to go back to the application at the time of cost certification. See LIHTC Program Manual. 4) Where possible the Department will rely on third party lenders' FIRREA appraisal, but reserves the right to order a FIRREA appraisal if there is not an arms' length lender. See LIHTC Program Manual. 5) The Department defines terms of Related Entity/Person and Identity of Interests in the LIHTC Program Manual Glossary of Terms.

Issue	Commenter	Comment:	Department Response:
		50% doesn't make sense. Cost savings should be used first to pay down the deferred fee. Increase in LIHTC price may not necessarily result in cost savings to project. 7) Why limit the % of maximum deferred fee? 8) What is definition of "donation"? 9) Define partnership organizational and broker fees? What is rationale for excluding from developer fee? 10) Policy to include consultant fees (other than A&E, Appraisal, market study and syndication) in the developer fee limit would be detrimental to project quality. Define further e.g. building envelope, interior design?	6) Comment addressed. See LIHTC Program Manual. 7) Clarified that this is not a limitation, but a preference. The Department prefers that Deferred Developer Fee not exceed 50%, at the time of application, in order to provide cash incentives for developer performance and a secondary resource for unforeseen cost overruns. See LIHTC Program Manual. 8) Donation has been removed. See LIHTC Program Manual. 9) Partnership and broker fees have been removed. See LIHTC Program Manual. 10) LIHTC and NCHSA best practices recommend consultant fee be included in Developer Fee. See LIHTC Program Manual.
	Cullins, Chrisman Development (3/5 ltr & HC testimony)	p. 20: For acq/rehab, where cost is less than 25% of "as-is-value", OHCS will allow in eligible basis up to 10% of TPC less. Does this still mean applicants can get up to the 15% developer's fee allowed, only 10% of that 15% would be allowed in eligible basis?	For acquisition/rehab projects, where cost of rehab is less than 25% of as-is value, Developer Fee will be limited to 10% of total cost. Projects where rehab costs are over 25% would be allowed up to 15%. The purpose of this requirement is to incentivize a more substantial rehab. See LIHTC Program Manual.
	Geller, Geller Silvis (3/1 ltr & HC testimony	1) p. 19: Remove disincentives for reserves and donations from calculation (max. developer fee) unless specially and narrowly defined. 2) p. 19: Unused state funds should be prioritized over a return of federal tax credits as long as the project is in compliance with LIHTC program (OHCS will set the developer fee at Equity Closing/ reserves right to adjust amount of tax credit award. 3) p. 19: Remove provision that OHCS reserve right	1) The Department has removed the disincentive for donations from the calculation of maximum developer fee. Reserves will remain in the calculation. See LIHTC Program Manual. 2) The Department will prioritize reducing other State resources before federal credits when considering the impact of an increase in tax credit pricing or cost savings. See LIHTC Program Manual. 3) The Department must reserve this right to comply

Issue	Commenter	Comment:	Department Response:
		to adjust amount of tax credit award so Oregon competes nationally; encourage delivery partners to maximize federal benefits, not minimize them.	with IRS 42(m) that requires allocating agency to allocate the minimum amount of credit necessary to make a project financially feasible. See LIHTC Program Manual.
	Oregon ON (3/22, HC testimony)	1) p. 19 applicable to 9% only unless other Department resources are in the deal. 2) p. 19 Donations should not be subtracted off. 3) p. 19. What order of preference for returns? 4) p. 19. If over 25% mark for acq/rehab allowed up to 15% developer fee. Limit on basis or limit on total fee. 5) Strike sentence on land improvements completed by a third party; allow as increased land cost. 6) p. 20: Deferred: no value in requiring Board of Directors to authorize what is standard practice. Require document, not NOTE: re repayment of deferred repayment obligation. 7) p. 21: maximum contractor profit and overhead should be 14% consistent with p. 39. 8) p. 21: confusion about when market study required. 9) p. 21. How could something have both prospective market and restrictive market value? Clarify?	1) QAP must govern all tax credits, with the exception that non-competitive 4% credits are not required to meet the competitive selection preferences and criteria. 4% credits financed with tax-exempt bonds will be guided by a separate section in the LIHTC Program Manual. 2) This has been changed. Donations will not be subtracted. See LIHTC Program Manual. 3) The Department will prioritize reducing other State resources before federal credits when considering the impact of an increase in tax credit pricing or cost savings. See LIHTC Program Manual. 4) See response p. 2 to Cullins. See LIHTC Program Manual. 5) The Department has made this change. 6) This requirement has been removed. Will require documentation, but will not require a Note. See LIHTC Program Manual. 7) Inconsistency corrected. See LIHTC Program Manual. 8) Market study not required at application, but prior to construction closing. See LIHTC Program Manual. 9) For the purpose of determining eligible basis for the rehab of an existing project: (i) For rehab projects that currently have restricted rents, the appraisal should include

Issue	Commenter	Comment:	Department Response:
			an "As is" Restricted Rent Value. (ii) For rehab projects currently do not have restricted rents, the appraisal should include an "As is" Market Rent Value. In either case, the appraisal should also include a Prospective Market Value (PMV) as restricted at Stabilization scenario after completion and rent up of the project. Where possible the Department will rely on third party lenders' FIRREA appraisal, but reserves the right to order a FIRREA appraisal if there is not an arms' length lender. See LIHTC Program Manual.
Market Study	Reed, NeighborWorks (HC Testimony)	Clarify the timing of the housing market study.	An informal or Sponsor prepared market study is due at application. A third-party prepared Market Study in conformance with the Department's guidelines is required prior to construction closing for credits. See LIHTC Program Manual.
Preservation	Prasch, NOAH (3/29 ltr)	1) p. 23: Change 50% minimum # of units for preservation projects back to 25% 2) p. 23: Broaden definition of preservation project to include project-based vouchers and public housing units.	1) Change has been made. See QAP Section III.D.2.m. 2) Preservation definition being used by the Department is 25% of units that have federal project-based rental assistance, which does not expand the existing definition. See QAP Sections III.D.2.m. and III.D.3.b.i.
	Bodaken, NHT	1) Return to the 25% set aside for preservation and rehabilitation of existing MF rental housing. (2012 QAP) 2) p. 23: Return to 2012 definition of eligible preservation projects – 25% project-based federal rental assistance.	1) There is no set-aside for preservation moving forward, but there will be an opportunity for HERA Basis Boost See QAP Section III.D.3.b. 2) Change has been made. See QAP Section III.D.2.m.
	Oregon ON (3/22)	1) p. 23: use 25% as in previous years	1) Change has been made. See QAP Section III.D.2.m.
Fair Housing	McGuire, Fair Housing	1) Design and Construction standards required by	1) Department will seek certifications for LIHTC

Issue	Commenter	Comment:	Department Response:
	Council (3/28 ltr, HC testimony)	federal Fair Housing often overlooked by architects and developers. Require separate certification of adherence to standards. 2) Require sponsors and management firms to provide OHCS Asset Management Staff with copies of any fair housing complaints related to funded project. 3) Require project selection panels to have fair housing expertise, or provide training to reviewers. 4) 2014 QAP: provide more details on how to achieve quantitative expanded affordable housing choice.	projects, modeled after certification required for HOME projects with specific cites to the Fair Housing Building Standards. The form of the Certification will be in the LIHTC Program Manual. 2) Fair Housing compliance process outlined in the Compliance section. See QAP Section IV.K. 3) Department will provide training for all scoring panels, including Fair Housing Training. 4) Within the next six months OHCS will facilitate a work group to research and recommend Fair Housing policies for program adoption that will be incorporated into Permanent Rules.
	Cusack, Oregon Housing Blog (3/28 ltr, HC testimony)	1) p. 6: Make QAP/CFC waivers transparent/publish summary. 2) p. 9: clarify that waiver authority includes fair housing, to expand housing choice and access to opportunity. 3) 2014 QAP: commit to enhanced fair housing policy development for next QAP to increase housing choice and access to opportunity/prosperity.	1) QAP revised. See QAP Section V.A.1. 2) QAP Policy on Exceptions/Waiver Requests was revised in order to further Fair Housing. See QAP Section V.A.2. 3) See response to comment #4 directly above.
Public Comment on QAP	Geller, Geller Silvis (3/1 ltr & HC)	p. 5/6: Housing Council should grant full comment period (30 days from issuance of technical memo)	Revised practice for QAP and amendment approval. See QAP Section V.C.
Multiple Issues QAP and NOFA)	Pitts, Jennings Pitts (3/8 ltr)	1) Effort to define preference for 50% or less AMI for new projects is in conflict with stated priority for work-force housing. 2) Term “closing” used in QAP without definition. Identify the penalty for failure to close; what about things outside of control?	1) Internal Revenue Code Section 42 (m) requires preference for housing that serves the lowest income tenants within parameters of financial feasibility. 2) The closing is typically when all the construction/equity financing requirements are

Issue	Commenter	Comment:	Department Response:
		3) Certain developers have been able to request additional state funds to finish a project. Failure to make sources and uses match in the past should be considered in evaluation of future applications	satisfied and the project is ready to commence construction. Whether adverse conditions are under the sponsors control or not, the Department reserves the right to re-evaluate a project if it has not closed within 240 days of credit reservation. See LIHTC Program Manual. 3) Department has 240 day application process, where any changes to sources and uses must be justified. Reservation may be withdrawn or reduced if a material adverse change occurs. See LIHTC Program Manual Section.
	Cullins, Chrisman Development (3/5 ltr)	1) p. 8: Confusion throughout as to applicability to 4% tax credits. 2) p. 8: Tax credit rate is not clear – 9% or floating? 3) p. 15: Existing LIHTC projects – confusion about whether a project is eligible if construction defects or existing or extended use? Process for OHCS approval prior to application? 4) p. 17: Material participation by non-profits: what does "more favorable treatment" mean and does it only apply to the set aside? 5) p. 18: Long-term Affordability: should be 60 years. Is OHCS looking for longer term? Also, not in NOFA as a review criteria. 6) p. 21: Confusion about timing of submittal of market analysis – not required with application, but factor in review of applications? 7) p. 22 & 42s: not consistent regarding 3rd party rehabilitation assessment – OHCS approved? What process? 8) p. 24: Not consistent with NOFA regarding	1) QAP has been revised to provide clarity. See QAP Section II. A. and B. Non-competitive 4% credits will be guided by a separate section in the LIHTC Program Manual. 2) Typically the Department forward allocates its subsequent year 9% tax credit allocation, which in this case would represent 2014 LIHTCs. There may also be a portion of unused credits that would be included in the offering, but in this case there are no unused 2013 LIHTCs available. All credits are anticipated to have a floating rate. 3) Revised to clearly state that Projects previously awarded credits and are still in their initial 15-year compliance or extended use period will be eligible for additional LIHTCs only if there are serious construction or materials defects or other clearly defined issues that will provide a clearly demonstrable benefit to the tenants, subject to IRC Section 42 requirements. See LIHTC Program Manual. 4) QAP has been revised to provide clarity with respect to its reference to the federally required

Issue	Commenter	Comment:	Department Response:
		Resident Services Review. 9) p. 24 D. Readiness to proceed item 2) should state "What is status of applications with HUD or RD? 10) p. 25: Clarification of RD set aside? New construction? Or Acq/rehab? 11) p. 26: Correct NOFA cite for unused credit authority. 12) p. 37: Changes to original application are subject to Dept. approval, conflicts with Developer fee policy that would be set at equity closing. Suggest that development budget and operating budget approved by lender and investor at time of equity/construction closing be used to compare to final application/allocation of credits. 13) p. 38: Identify of Interest: eliminate % breakdowns. Require "that contractor overhead, profit and general conditions not exceed 14%. Conflict between %s.	Qualified Non-Profit Set-Aside. See QAP Section III.B.3. 5) QAP revised to state that long-term affordability is a threshold requirement for 60 years, which meets the intent of the federal requirement of providing a preference for serving low-income tenants for the longest period, given it is twice as long as the federal requirement. See QAP Section III.D.1. Non-competitive 4% credits will be guided by a separate section in the LIHTC Program Manual. 6) A formal Market Study is not required at application. CNA is required with application. See LIHTC Program Manual. 7) Report needs to be satisfactory to Department, completed by an accredited third party, but there is no list of approved preparers. See LIHTC Program Manual. 8) The name of the Residents Services Description is now consistent in the QAP (Section III.D.2.), the LIHTC Program Manual and the NOFA. 9) The clarification in NOFA will require that RD and/or HUD application must be submitted and is active. 10) RD set aside no longer applicable, has been removed from the QAP. 11) Cite corrected in NOFA to align with policy as stated in the LIHTC Program Manual. See LIHTC Program Manual. 12) The Developer Fee, the LIHTC's and the Budget are set at the time of construction/equity closing. The closing is typically when all the construction/equity financing requirements are satisfied and the

Issue	Commenter	Comment:	Department Response:
			project is ready to commence construction. See LIHTC Program Manual. 13) The Inconsistencies were eliminated. Aggregate Overhead and profit is limited to 14%, except for related parties, which are limited to 10%. See LIHTC Program Manual.
	Manning, PHB Myers, DHS, MC (4/4 ltr)	**QAP:** 1) Stronger language to express equity values. Checks to ensure allocation method not negatively impact communities of color. 2) Collaborate on NOFA timing and prioritization with local jurisdictions so that local awards determine local priorities. 3) Leverage local investments to meet multiple housing, service and health outcomes. Prioritize projects that leverage health care, employment, education support and other services. **NOFA:** 1) Geographic Priority: Multnomah Co. not a geographic priority. Reconsider and take into account volume of need, displacement to urban area providing services not available elsewhere 2) Public Priority: Define public priority through lends of locally adopted pans. **Allocation Formula:** 1) Only takes into account rent burdened, not homeless individuals. 2) Take into account supply-side measures such as vacancy rates and fair market rents, highest in state.	**QAP:** 1) The Department has a strong commitment to equity and ensuring the allocation methodology does not negatively impact communities of color. Equity values will be reinforced in the "community impact" section of policy scoring. 2) Going forward the Department has every intention to collaborate whenever possible. 3) Heavy emphasis is being placed on meeting multiple policy objectives. It is one of the ways applicants can demonstrate meeting minimum qualifications to apply, and carries the most weighting in competitive scoring. **NOFA:** 1) Prioritization is intended to help ensure geographic areas that are underrepresented with housing have an opportunity to apply even though they don't meet other minimum qualifications to apply (if they don't meet multiple policy objectives, don't have significant leverage, or are not a preservation project.) Multnomah County projects are able to meet other minimum qualifications to apply, therefore being given a priority ranking as a result of different measurements would not benefit Multnomah County.

Issue	Commenter	Comment:	Department Response:
		3) Consider human service investments; Mult. Co. spends more on services than all others, and people come to County for access to services. 4) Best Use of Funds: Defer to local definition that elevates most critical need. 5) Project Need: Consider locally prioritized as most weighted criteria.	2) Local plans will be prioritized, along with regional. **Allocation Formula** 1) The measurements used for "need" are severely rent burdened populations and total households less than 60%AMI. Homeless counts are not incorporated because they are not uniformly reliable throughout the State. 2) The scoring methodology used allows projects to be prioritized by demonstrating supply side considerations such as vacancy rates and high fair market rents (in the "need" scoring category). 3) Allocations are based on the income and rent burden of a region's residents. Leveraging of funds and services in the community can be demonstrated by applicants in competitive scoring. 4) Local and regional priorities and needs are emphasized to a greater extent in our new process than ever before. 5) Because of the variation in extent and roles of local and regional planning efforts throughout the State, our scoring methodology allows applicants to emphasize both.
	Oregon ON : (delivered 3/22)	1) Add definitions section. 2) Applicability to 4% confusing, consolidate into one section (throughout document) 3) Does NOFA selection result in reservation or award? (throughout document) 4) 9% rate tied to allocation prior to year end. QAP language confusing as to whether 2013 credits or	1) See LIHTC Program Manual: Glossary of Terms 2) QAP must govern all tax credits, with the exception that 4% credits are not required to meet the selection preferences and criteria. Non-competitive 4% will be guided by a separate section in the LIHTC Program Manual. 3) Results in Reservation Letter. See LIHTC Program

Issue	Commenter	Comment:	Department Response:
		forward allocation of 2014 credits. (throughout document) 5) OAR cites are incorrect in some cases. 6) Where are other Exhibits? 7) p. 7: Criteria not all consistent with p. 16: affordability, special needs, tenant ownership. 8) p. 7: private activity bond allocations should not be subject to QAP. 9) p. 9: Does rate lock for buildings in a 9% deal also have option to use applicable rate for month in which bonds are sold or month placed in service. 10) p. 10: Define clearly community needs, housing goals, preference, etc. 11) p. 10: under Basis Boost: (2) (a) is sufficient, conflict with (b) and (c). What about changes outside of developer control? 12) p. 11: Mixed income project that includes 60% units – must choose 40/60 election? State more clearly. 13) p. 11: scattered site project that has resources from one jurisdiction but not another might not meet criteria that it is considered a single project by ALL financing partners. Strike last sentence. 14) p. 12: clarify demonstration of commercial and residential financing. 15) p. 12: what is OHCS interest in hold back (Form 8609) – this is risk/interest of other deal partners. 16) p. 13: Native American Housing and Historic Preservation sections – belong in program regulations not QAP.	Manual. 4) Typically the Department forward allocates its subsequent year 9% tax credit allocation, which in this case would represent 2014 LIHTCs. There may also be a portion of unused credits that would be included in the offering, but in this case there are no unused 2013 LIHTC available. All credits are anticipated to have a floating rate. 5) OAR cites corrected in the QAP. 6) The only exhibit to the 2013 QAP will be this document – Department Responses to 2013 QAP Public Comments. 7) Project selection criteria QAP Section III will be aligned with NOFA, with additional detail in the NOFA and application. 8) Private Activity Bond Allocations are not subject to the QAP, but the non-competitive 4% LIHTC are subject to the QAP. QAP must govern all tax credits, with the exception that 4% credits are not required to meet the selection preferences and criteria. Non-competitive 4% credits will be guided by a separate section in the LIHTC Program Manual. 9) Removed from QAP, will be clarified in LIHTC Program Manual. Only non-competitive 4% applications paired with tax-exempt bonds have this option. The 9% lock is more broadly defined, and has more than one month after the reservation is offered to lock the rate, or will be locked at placed in service date for that building. 10) Selection criteria and preferences are outlined in the QAP under Section III. Additional information

Issue	Commenter	Comment:	Department Response:
		17) p. 14 – clarify language re: phased projects. 18) p. 14: Designation of Manager's unit – language is unclear and informal. 19) p. 15: Existing LIHTC projects: Strike entire section. Clearly define other terms, but elsewhere. 20) p. 16: Selection Criteria: add required IRS criteria; consistent with NOFA; sequence should flow from most to least important; Be specific about market considerations, verb? Don't need to call out 10% below market – investors already require more. What are criteria for strength/capacity of sponsor? What about extenuating circumstances. What are tax exempt organizations? Sponsor, Service provider? How are preferences evaluated? 21) p. 17: Define terms such as "be mindful, or "care in limiting" - what does it mean? 22) p. 17 Material Participation – how will it be implemented, and how does this relate to NOFA criteria. 23) p. 18: Add 60 years. Clear up confusion with 4% projects. How implemented in NOFA? 24) Financial feasibility: why the laundry list – doesn't add to the guidelines, more clarity. Is 7% vacancy rate required for projections? Sponsor loan structure has to meet investors legal test; legal opinion to OHCS not necessary. 25) p. 19: DCR – benchmark to year 15-20, not year 1.p. 24: Resident services Plan, not Agreement. Readiness Proceed criteria – does it agree with	will be provided in the LIHTC Program Manual as well as the NOFA. 11) Intent is to clarify that sponsor must request State Basis Boost on initial application; cannot come back at a later date to request Basis Boost to fill budget gaps. Mixed income properties may also choose either election based upon choice of affordability for the units. Must also clearly state how many units will have LIHTC benefit or identified as market rate units. See QAP Section III.D.3.b. 12) In a mixed use project, the Sponsor may still elect to choose either 20% of units at 50% of AMI, or 40% of units at 60% of AMI. Even if the sponsor chooses, the 20% at 50% election, the rest of the units can be either market rate units (if only a partial LIHTC project) or a maximum of 60% for any additional units that will be allocated LIHTC. 13) Lender or Investor must treat scattered site as a single project with a common plan of finance. See LIHTC Program Manual. 14) IRS requires that Department determine financial feasibility or viability of residential portion of mixed income project. This will be clarified in the LIHTC Manual. 15) Interest in holding back IRS Form 8609 is to ensure fiduciary responsibility under IRC Section 42(m)2 requiring the Department to determine the appropriate level of tax credit allocation for any given project. 16) Moved from QAP to LIHTC Policy Manual. 17)Multi-phase projects may only submit one

Issue	Commenter	Comment:	Department Response:
		NOFA? 26) p. 25: MOU with RD still in effect? 27) p. 25: Competitive evaluation: should not apply more than IRS requirements when no other OHCS resources. 28) p. 27 Project Denial: how does this feed into sponsor capacity in NOFA. "Substantially in accordance"; Should be materiality components to both budget and time frame. 29) p. 26: Public Disclosure Law: Need more than summation, whole score sheet. 30) p. 29-40: Many comments on credit allocation (see attachment) section, which was moved from QAP to Program manual. Comments were considered for that revision.	applicant per funding cycle. Unit Disbursement requirements must be applied to each phase and not spread out over multiple phases. See LIHTC Program Manual. 18) The intent of this policy is to inform owners of what may cause recapture issues when changing number of manager's units during the compliance period. See LIHTC Program Manual. 19) Revised to clearly state that Projects previously awarded credits and still in their initial 15-year compliance or extended use period will be eligible for additional LIHTCs only if there are serious construction or materials defects or other clearly defined issues that will provide a clearly demonstrable benefit to the tenants. This is subject to IRC Section 42 requirements and at the discretion of the Department. See LIHTC Program Manual. 20) Selection Criteria has been updated and takes into consideration the comments made as well as now being aligned with other documents (e.g., NOFA). There is no weighting of criteria. See QAP Sections III.B and D. Criteria for sponsor capacity will be found in underwriting guidelines that are currently under development, and will be based on common sense. The only reference to non-profit organizations is with respect to the Qualified Non-Profit Set-Aside. See QAP Section III.B.3. 21) QAP and ancillary documents no longer have references to terms such as "be mindful" and "care in limiting." Clarity is the Department's

Issue	Commenter	Comment:	Department Response:
			driver so terms of art will be defined where appropriate. 22) Project ownership will be evaluated using non-profit material participation standards. Failure to pass the minimum requirements may disqualify an applicant from the set-aside. See QAP (III.B.3.) for applicability to Nonprofit Set-Aside. Also covered in the LIHTC Manual. 23) QAP revised to state that long-term affordability is a threshold requirement for 60 years, which meets the intent of the federal requirement of providing a preference for serving low-income tenants for the longest period, given it is twice as long as the federal requirement. See QAP Section III. D. 1. Non-competitive 4% credits will be guided by a separate section in the LIHTC Program Manual. 24) The determination of Financial Feasibility is required by IRC Section 42(m). See LIHTC Program Manual. The guidelines will be more specifically described in underwriting guidelines, currently under development. 25) The benchmark for DCR remains the first stabilized year, but projects will also be evaluated for DCR over the term of the tax credits. The name of the Residential Services Description is now consistent in the QAP (Section III.D.2.), the LIHTC Program Manual and the NOFA. The Readiness to Proceed criteria will require that RD and/or HUD applications must be submitted and are active. 26) RD set aside no longer applicable, has been removed from the QAP. 27) QAP must govern all tax credits, with the exception that 4% credits are not required to meet

Issue	Commenter	Comment:	Department Response:
			the selection preferences and criteria. Non-competitive 4% credits will be guided by a separate section in the LIHTC Program Manual. 28) Previous past project failure may preclude current applicants from passing the threshold requirements for Sponsor Capacity. See LIHTC Program Manual. 29) Sponsors will receive detailed score sheet for their project. A summary of total ranking by Project will also be available. See LIHTC Program Manual. 30) See various responses below: ORON99: In the creation of the LIHTC Program Manual, there will be separate sections for competitive and non-competitive tax credits. Any differences on how specific policies and/or processes apply will be called out clearly. JT100: This information is being moved to the LIHTC Program Manual. The specific reference is just one data point in the evaluation of appropriate credit amount as required by IRC Section 42(m)2. JT 101: Comments relating to spend down of reserves are being contemplated in the development of new language the will be in the underwriting guidelines that are currently being developed. Also, the language relating to utilizing reserves to reimburse the Department for funding has been removed. JT 103: The calculation of any splits associated with increased credit pricing or cost savings would occur after the following have been taken into consideration: a) Make whole the cash developer fee

Issue	Commenter	Comment:	Department Response:
			determined at equity closing that may have been deferred prior to "Placed- in-Service"; b) Cover justifiable Project cost increases, including but not limited to unforeseen cost overruns, items value engineered out of the development during construction, and/or upgrades that demonstrate extended useful life; and/or c) Reasonable increase to Project reserves. See LIHTC Program Manual. JT 105: Monthly progress reports will be required during Construction. The Department will reserve the right to request additional information as needed. JT 106: The language referring to the 240 day conditions has been removed. This was a concept that was contemplated prior to landing how the Department would Allocate its resources, and is no longer applicable.
Sustainable Communities	Bodaken, NHT (3/29 ltr)	Maintain incentive for building sustainable communities.	Green building and architectural review standards continue as an important threshold test in the selection process. Further outlined in the underwriting guidelines, currently under development.

Competitive Scoring Framework

Projects that meet administrative, financial feasibility, readiness to proceed, and sponsor capacity thresholds will move to competitive scoring. A high-level scoring committee will be developed for each region and will be comprised of Oregon Housing and Community Services leadership, industry professionals, and regional representatives unaffiliated with any of the projects. There will be one or more committee members from OHCS leadership that will participate in all regional evaluation committees to ensure consistent processes.

Scoring committee members will be vetted by the State Housing Council and will receive thorough training on the objectives and mechanics of the scoring process.

Regional Scoring Committee Process:

Presentation of Regional Needs Data:
Scoring Committees will receive detailed presentations of regional housing and poverty data, including:

- Regional Housing Profiles (published by OHCS)
- Regional Poverty Profiles (published by DHS and OHCS)
- Regional Economic Profiles (published by OED)

Project Review:

- Scoring committee members will review project applications
- Sponsors may have the option to make brief presentations to committee

Project Evaluation:

- Projects will be scored and ranked by individual committee members

Project Scoring:

- Individual member scoring and rationale will be reviewed and discussed by full committee
- Final ranking will be established and award recommendations made to OHCS Director

Total Points		**100**
Need for project		**30**
- In the context of the region	15	
- In the context of the community	15	
Impact of project		**70**
- Project type and population served	25	
- Location and building features	15	
- Community impact	30	

Competitive Scoring Framework

Need for project — 30 points

	Max
1- Need in the context of the region	**15**

The state of Oregon has a vested interest in funding affordable housing in areas with the most need.

This scored section should use quantitative data on the distribution of and the demand for affordable housing within the region, as it compares to the individual community. High scoring projects will address critical unmet needs and demonstrate an under-representation of affordable housing compared to the region as a whole.

Applicable Criteria:

- **Equity of affordable housing distribution in the region**

  Examples:

  Distribution of the region's affordable housing inventory versus need distribution
  Distribution of the region's recently funded affordable housing versus need distribution

  (Need distribution is defined as the number of low income (60%) renter households and the number of extreme rent burdened households within each area as a percentage of the state or region)

- **Population needs relative to other areas of the region**

  Examples:

  Housing burden
  Relevant population growth/demand
  Relevant job growth/demand
  Special needs population data

- **Housing condition needs relative to other areas of the region**

  Examples:

  Housing type
  Housing condition / age

- **Demand for affordable housing relative to other areas of the region**

  Examples:

  Housing waitlists for specified population groups
  Voucher waitlists for specified population groups

Competitive Scoring Framework

Need for project — 30 points

	Max
2- Need in the context of the community	**15**

The state of Oregon has a vested interest in funding affordable housing that is most relevant and critical within a community.

This scored section should use quantitative data on the distribution of and demand for affordable housing for the target population within the community. High scoring projects will address critical unmet needs for populations that are under-represented with affordable housing within the community.

Applicable Criteria:

- **Equity of affordable housing distribution in the community**

  Example:

  Equity of affordable housing distribution in the community

- **Population needs compared to needs of other populations in the community**

  Example:

  Relevant population growth/demand

- **Identification of community housing needs addressed by project**

  Example:

  Deteriorated or old housing stock

- **Demand for affordable housing of specified population in the community**

  Examples:

  Housing waitlists for specified population groups
  Voucher waitlists for specified population groups

Competitive Scoring Framework

Impact of Project — 70 points

	Max
3- Project type and Population served	**25**

The type of project and the population served is critical in assessing the impact of the project.

This scored section should identify the type of project (new construction, acquisition/rehabilitation, preservation, mixed-income) and the population served (family, elderly, veterans). High scoring projects will do one or more of the following to a significant extent: preserve federal rent subsidy; be responsive to community housing needs (rehabilitating existing housing stock, or creating a new supply); serve lowest income households; be dedicated to serving difficult to serve special needs populations; provide permanent supportive housing; have established connections to workforce needs; integrate market or retail services; include deliberate mechanisms to support resident health and stability.

Applicable Criteria:

- **Serving lowest income households**

  Example:

  Percent of HUD Area Median Income limits

- **Serving a target population for housing**

  Examples:

  Special needs populations
  Veterans
  Workforce
  Elderly
  Families with children
  Permanent Supportive Housing

- **Preservation of federal project-based rent subsidy**

  Examples:

  US Department of Housing and Urban Development (HUD) Section 8
  US Department of Agriculture - Rural Development (USDA – RD) Rental Assistance

- **Integration with other community housing needs**

  Examples:

  Mixed-income
  Mixed-use
  Rehabilitation of existing housing

Competitive Scoring Framework

Impact of Project — 70 points

	Max
4- Location and building	**15**

The location and design of a building can affect the impact on both the residents as well as the community.

This scored section should identify unique location and building features that contribute to the health and overall well-being of the residents and community. High scoring projects will be responsive to the needs of the target populations; be in close proximity to transit, schools, and services when feasible; and/or could serve to deconcentrate poverty or revitalize a distressed area.

Applicable Criteria:

- **Accessibility of location**

  Examples:
  - Proximity to transit
  - Proximity to schools
  - Proximity to healthcare

- **Complementary or responsive building design**

  Examples:
  - Responsive to specific needs of specified population
  - Historic nature of the project

- **In an area that serve to deconcentrate poverty**

  Examples:
  - Low poverty area (Census Tracts with less than 10% poverty)

- **In a Qualified Census Tract**

Competitive Scoring Framework

Impact of Project — 70 points

	Max
5- Community Impact	**30**

While the opportunities and challenges may vary across the state, every community strives to be a place where people choose to live, work, and play. A thriving community is an equitable and just community with job opportunities, strong schools, safe neighborhoods, and a supply of affordable housing and services that establish a foundation for healthy lives.

This scored section should identify the critical nature of the project, how it ties to local and statewide policy objectives, and how it is coordinated with larger community objectives. High scoring projects will, to a significant extent, leverage other resources, address state, regional or local policy objectives, work to create a thriving community, and/or innovate to address obstacles.

Applicable Criteria:

- **Responsive to a community need**

  Examples:

  Identified as a community catalyst as part of an effort to:
  - stabilize an area
  - aid in workforce or economic development
  - improve community health and safety

  Responds to an urgent community need

- **Responsive to state, regional, or local policy direction**

  Examples:

  Include elements that deliberately respond to the State 10 year plan, or a regional or local plan
  State of Oregon 10 year plan: ***http://www.oregon.gov/COO/Ten/Pages/index.aspx***

  Include elements that address an active policy focus in the community

  Furthers social justice or equity goals

- **Collaborative projects**

  Examples:

  Multiple public, private, or nonprofit entities working together to create the project or serve its tenants

  Local partnerships involved in the project

- **Leverage**

  Examples:

  Includes funding from local, state, federal or other sources

- **Innovation**

  Examples:

  Overcome obstacles or solve community issue

  Re-use or redevelopment of existing housing

  Replaces deteriorated housing stock

  Intended for eventual tenant ownership