Housing Stability Council

<u>MEETING MATERIALS PACKET</u>

Canyon Edge Apartments
Redmond, Oregon

January 7, 2022

9:00 a.m. – 1:00 p.m.

Oregon Housing & Community Services

Webinar

AGENDA

Jan 07, 2022 9:00 a.m. - 1:00p.m.
Oregon Housing and Community Services
725 Summer St NE, Salem OR 97301

Webinar Mtg Only
Public register in advance for this webinar

OREGON HOUSING & COMMUNITY SERVICES
HOUSING STABILITY COUNCIL

TIME	TOPIC	SWHP Priority	ACTION
9:00	**Meeting Called to Order**		Call Roll
9:05	**Public Comment**		
9:15	**Report of the Chair**		
9:30	**Report of the Director (pg. 04)** • **Statewide Housing Plan Report** • **Legislative Update**		Briefing
10:15	**Rulemaking Approval (pg. 06)** ***Nicole Stingh, Assistant Director of Government Relations*** • **Rent Guarantee Program:** *Jaci Ladewig, Admin Rules and Legislative Coordinator*		Decision
10:30	**Homeownership Division (pg. 14)** ***Emese Perfecto, Director,*** *Homeownership* • **HAF Foreclosure & Funding and Foreclosure Avoidance Counseling & NeighborWorks America Housing Stability Counseling Programs:** *Kim Freeman, Assistant Director Homeownership Programs and Ryan Vanden Brink, Assistant Director Homeowner Assistance Programs*		Briefing
11:00	**15 min Break**		
11:15	**Affordable Rental Housing Division (pg. 19)** ***Natasha Detweiler-Daby, Interim Director****, Affordable Rental Housing* • **MF Housing Transaction Recommendations:** *Tai Dunson-Strane, Production Manager* o **Blackbird and Main Apartments in Beaverton** o **The Canopy Apartments at Powell in Portland** o **Fremont Manor Apartments in Portland** o **Garden Grove in Grants Pass** o **Kentonwood Dimensions in Portland** o **Maple Apartments in Oregon City** o **Stillwater Crossing in Bend** • **QAP finalization/Recommendation:** Angela Parada, *Senior Tax Credit Program Analyst and* Roberto Franco, *Assistant Director of Development Resources and Production* • **MWESB Status Update:** Rick Abrego, *former Senior MWESB Program Analyst and* Roberto Franco, *Assistant Director of Development Resources and Production* • **Private Activity Bond Verbal Update:** *Tai Dunson-Strane, Production Manager* and Natasha Detweiler-Daby, *Interim Director of Affordable Rental Housing*		Decisions Briefing

All times listed on this agenda are approximate and subject to change. Agenda items may also be taken out of order and addressed at different times than listed. The agenda may be amended by the Council at the time of the meeting.

	• **Rent Increase Policy:** Rick Ruzicka, *Interim Assistant Director of Planning and Policy and* James Hackett, *Assistant Director of Portfolio Administration*
1:00	**Meeting Adjourned**
	Executive Session: Legal Consultation As authorized in ORS 192.660(2)(f), Oregon Housing Stability Council will be utilizing Executive Session authority to discuss an advice memorandum provided by Oregon Department of Justice and to consult with the Oregon Department of Justice.

The Housing Stability Council helps to lead OHCS to meet the housing and services needs of low- and moderate-income Oregonians. The Housing Stability Council works to establish and support OHCS' strategic direction, foster constructive partnerships across the state, set policy and issue funding decisions, and overall lend their unique expertise to the policy and program development of the agency.

The 2019-2023 Statewide Housing Plan outlines six policy priorities that focuses OHCS' investments to ensure all Oregonians have the opportunity to pursue prosperity and live from poverty.

Statewide Housing Plan Policy Priorities

Equity & Racial Justice

Homelessness

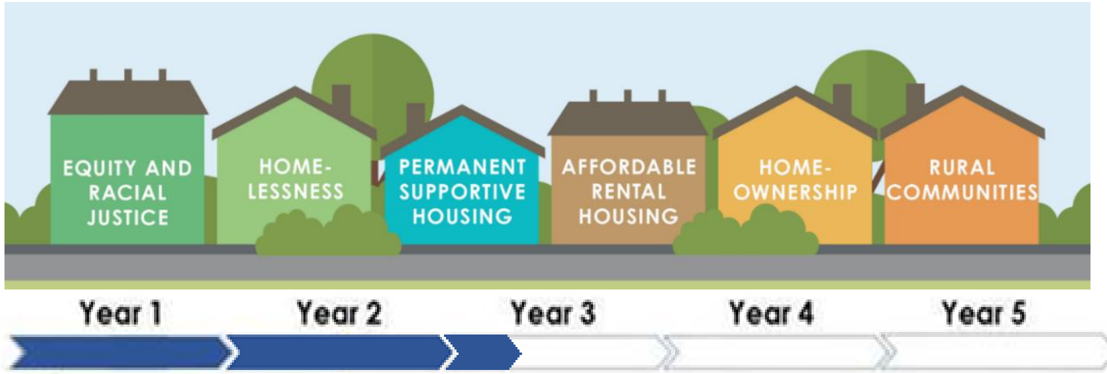
Permanent Supportive Housing

Affordable Rental Housing

Homeownership

Rural Communities

For more information about the Housing Stability Council or the Statewide Housing Plan, please visit Oregon Housing and Community Services online at https://www.oregon.gov/ohcs/OSHC/Pages/index.aspx



Preface: Like so much at OHCS, the implementation strategies and reporting processes for our SWHP has undergone significant changes. It's continuously evolved to match the unprecedented expansion of resources/programs/staff and the requisite focus on emergency recovery programs. Implementation at Year 3 Quarter 1 is so much more about administering rapid response resources in alignment with SWHP values than "blue-sky" thinking on what strategies to pursue to further the 6 Policy Priorities. Our goal is to provide the HSC quarterly updates on the critical work we're doing, even if unplanned, and how we're grounding that work in SWHP values.

OHCS Statewide Housing Plan Year 3 Quarter 1 Update
September 2021

EQUITY AND RACIAL JUSTICE

5-Year *Target* and **Status**:

- *Communities of color experience increased access to OHCS resources:* **Reporting mechanism TBD**
- *Create a shared understanding of racial equity*: **Customizing a Racial Equity Analysis Tool (REAT); staff tracking time dedicated to ERJ-D & I**

Equity and Racial Justice Year 3 Strategies

- Focus on agencywide ERJ training plan launch
- Focus on Leadership ERJ training cohort

Key Achievements

- Continued to gather and update CSO list.
- Tracked funding received by CSOs via the Culturally Specific Certification process.
- Launched Racial Equality Analysis Tool (REAT) Ad Hoc Workgroup to begin developing customized REAT for the agency.
- Began solidifying Equity Lab workshop process to support thought-partnership on use of REAT.
- Continued development of agencywide ERJ and D&I training plan with target to launch in January 2022.
- Launched ERJ tracking in Payroll, so that staff track time spent every month on productive paid time that has a focus on ERJ and D&I.
- Working to finalize a contract with the Center for Equity and Inclusion (CEI) to launch an 8-month cohort-style training for Executive Team, supervisory management staff, and Equity Committee Co-Chairs.

Key Risk:

- Continued feeling of lack of capacity.
- Staff seeing this work as "extra" as opposed to a key part of what we must do.
- Recruitment and Procurement capacity constraints.
- Sense of urgency forces us into pre-mature action before intentional groundwork is laid.

Shout outs: Lee Guekguezian (amazing job leading the REAT Ad Hoc Workgroup); Equity Committee Co-Chairs (leading Equity Committees); REAT Ad Hoc Workgroup members (diligently working to customize our REAT).

HOMELESSNESS

5-Year *Target* and **Status**:

85% of households served are stabilized in housing for six months of longer: **26,940 households paid out via OERAP – demonstrating increased Housing Stability**

% BIPOC served (in OERAP:) **See Dashboard [here]**

Homelessness Year 3 Strategies

- Completing restructure of HSS Program Team as we hire more Program Analysts
- Identify and develop new leaders within the Division in key roles
- Standing up new 21-23 and Special Session programs
- Wrapping up OERAP, finishing ERA 3 funds by June 2022. Conducting equity analysis based on data.
- Standing up Eviction Prevention funds with a deep focus ERJ
- Build out our community engagement arm – make sure we are staying close with community's most impacted
- New funding for Eviction Prevention will use a racial equity lens in determining how the funds are utilized and those at highest risk for eviction, including communities of color, will be prioritized with funding to support their communities.

Key Achievements

- Secured additional staffing and funding ($100 Million) to build a program of eviction prevention.
- LIHWA implementation is nearing! Deep integration of Equity and Racial Justice Analysis tools to ensure programs are serving communities of color effectively.
- Built OERAP dashboard to provide transparency into processing, equity, and capacity issues: one of the most successful, transparent ERA dashboards for rental assistance in the nation.
- Executed grant agreements with Housing Stability Services providers to deliver strategic housing stability services for those that have not been able to access supports. Work is ongoing to enter more partnerships with new investments in eviction prevention.

Key Risk:

- Staffing within the division for key positions and new roles remains a challenge. Some programs continue to receive less attention than they need to be fully operational in a timely manner
- Capacity issues, both at OHCS and at the local level are real

PERMANENT SUPPORTIVE HOUSING

5-Year *Target* and **Status**:

Fund the creation of 1,000 permanently supportive homes: **915 funded and/or created**

Permanent Supportive Housing Year 3 Strategies

- PSH Program Rules and Manual
- PSH Provider Peer Network
- PSH Outcomes and Reporting processes (putting them in action)

Key Achievements

- 416 of the 915 supportive home units funded with PSH resources
- Created a Compliance and Monitoring Plan and ensured projects are committed to this process via the PSH program contracts.
- Began disbursing Services funds but no rent assistance yet because rent assistance projects have not come online. Working with Prolink to establish this workflow.
- Continued working with CSH to continue offering and developing the Supportive Housing Institute.
- Conducted outreach to community partners to ensure PSH resource information is reaching tribal and rural partners.
- Leveraged resources with other PSH resources such as the Metro bonds and PHB resources to make PSH projects happen.
- Integrated Servicepoint process and technical assistance for partners to use.
- Hired a PSH Program Analyst for support.

Key Risk:

- New compliance policy – particularly around operating subsidy and services
- Data sharing with HMIS

AFFORDABLE RENTAL HOUSING

5-Year *Target* and **Status**:

- *OHCS will triple the existing pipeline of affordable rental housing up to 25,000 homes:* **18,329 funded and/or created**
- *% of dollars awarded MWESB Sub-contracts:* **$90,313,976 or 25% in awarded sub-contracts to MWESB contractors.**

Affordable Rental Housing Year 3 Strategies

- Next steps/updates to both Preservation Strategy and GPGM plus program manuals. 4% LIHTC and PAB strategy
- METRO: Implement OHCS MWESB guidance for metro areas, and Provide feedback on MWESB Participation
- RURAL: Implement OHCS MWESB guidance for rural areas, provide technical assistance and establish communication process to inform partners of guidance. Establish a feedback process to assess best practices and barriers to successful MWESB Implementation
- Re-launching capacity building plan, program, and RFPs.
- Dedicate resources to ERJ rental housing investments, to disaster recovery efforts, to rural communities and/or rural partners.
- Capacity Building Funding offering for existing 4% pipeline to partner with culturally specific organizations: RFP and related materials in final review for submission to procurement.
- Capacity Building plan brought to PPRC for initial review and plans to release RFP in Q1 of 2022.

Key Achievements

- $90,313,976 in awarded sub-contracts to MWESB contractors.
- Development of a reporting matrix that allows our developers/contractors to collect information on their sub-contracts awarded to MWESB firms
- Integrate clear and consistent messages and expectations across NOFAs, compliance, and all agency efforts around MWESB.
- Compliance Policy is in place and has been incorporated into trainings and NOFA guidance.
- Funding offering for existing 4% pipeline to partner with culturally specific organizations
- Updating Rules language for GHAP capacity funds to be extended to tribal entities.
- Working with tribal housing workgroup rules committee to make changes. Temp and permanent rules change proposed 1/21 and 4/21 respectively.
- QAP and funding calendar outreach and engagement around priorities, pipelines, needs, and logistics. Adjustments can be made due to finalization of Build Back Better.
- Survey conducted in August to get initial feedback on key program topics and projected changes.
- Outreach and engagement sessions held on 9 different topics throughout September. Additional outreach conducted in October and November to get input on proposed changes made to account for Private Activity Bond cap.
- QAP drafted and approved. Currently out for public comment with period ending December 19th.

Key Risks

- Staffing: Various positions need filled, and many staff are stretched. MWESB manager has taken another position and our director of affordable housing left the organization causing further disruption capacity, roles, and responsibilities.
- MWESB Outreach and technical assistance in the COVID era.
- Gathering accurate information. MWESB firms that self-identify may not be forthcoming with accurate information.

HOMEOWNERSHIP

5-Year *Target* and **Status**:

- *Assist 6,500 households in becoming successful homeowners:* **1,187**
- *Double the number of homeowners of color in OHCS homeownership programs:* **DPA Programs 44%, Oregon Bond residential Loan 28%.**

Homeownership Year 3 Strategies

- Identify Partners with whom we do not have or have a limited relationship with.
- Assess our response to BIPOC communities and share the experiences and information gathered to pivot and address the gaps in service.
- Staff training – Engage staff in enjoyable, rewarding, and enriching training in an encouraging and welcoming environment
- Launch Flex Lending Program March 2022
- Hire staff to increase OHCS lending team Starting February 2022
- Onboard new lenders Starting March 2022
- Launch Homeowner Assistance Fund
- Launch Foreclosure Avoidance Counseling Program and Housing Stability Counseling Program
- Launch Manufactured Housing Replacement Loan Program

Key Achievements

- Updated and expanded website
- Issued Lender RFA. Lender contract still in development.
- Worked toward debuting Homeownership Lending Products that transparently incorporate both Flex Lending and Oregon Bond Residential Loans: Flex Lending delayed due to Treasury review. Bond lending continues.

- Launched MH pilot program supporting the replacement of inefficient and unsafe MH; adjusted to address needs of wildfire effected Oregonians.
- HSC endorsed HAF program terms and plan in August which were submitted to Treasury in late September 2021. The agency hopes to see full program approval from Treasury by mid-January.
- Held partner meeting in August to establish fee structure to support the work of distributing funds to Homeownership Centers for Foreclosure Avoidance Counseling.
- Developed HOD Sr. Homeownership Development Program Analyst position description to support establishment of Homeownership Development (HOD) pilot.
- **BIPOC:**
    - Developed relationships with under-represented organizations, listening, assessing needs, beginning the conversation of partnering with them, establishing relationships, and building trust.
    - We have made addressing the needs of BIPOC communities a focus in our programmatic frameworks, seeking input from partners and Culturally Specific Organizations and will be sharing the outcomes, collectively agreeing on solutions to address gaps and pivot to address them.
    - Training opportunities are regularly shared and available to our team who are encouraged to attend. Many attended this years' Statewide DEI conference in September as well as trainings offered from NSCHA and Workday.

Key Risk:

- Rising Home Prices and Interest Rates.
- Limitations of multiple non-networked software systems.
- MH - Limited fund availability.
- MH – Lack of new home inventory (18-24mos. backlog).
- Lack of staff, Increased workload, Hiring & Training needs.
- Procurement & DOJ Increased workload effecting turnaround times.
- Delayed execution of HAF results in homeowners losing homes.
- The end of the foreclosure moratorium on December 31, 2021.
- BIPOC:
    - Building a reputation and trust in a community takes time and effort.
    - Engaging organizations and the community in an appropriate manner commensurate with the cultural norms and locale.
    - Not all partners have the capacity to facilitate community engagement in a resource restricted environment or have limited technical ability to procure funding opportunities to encourage BIPOC homeownership.

RURAL COMMUNITIES

5-Year *Target* and **Status**:

- *Increase OHCS funded housing development in rural areas by 75%* - **Reporting at end of year**
- *2542 units funded in rural communities:* **2,158 funded and/or created**
- % of investment in rural communities:

Rural Communities Year 3 Strategies

- Establishing a Rural Workgroup
- Launching GHAP Capacity Building funds offering
- Communication plan and strategy created

Key Achievements

- Hired capacity building program manager in October.
- Funding offering for existing 4% pipeline to partner with culturally specific organizations. RFP and related materials in final review for submission to procurement.
- Disaster Response originally assigned to the program and production sections, the creation of a dedicated recovery planning team was ultimately created as the Disaster Response section and is independent of the ARH department.
- Integrated disaster response points into 2022 NOFAs
- Delivered funding for direct award or limited competitive disaster recovery, including Disaster Housing Tax Credits (6.3M), LIFT Rental Wildfire (30.35MM), LIFT Homeownership Wildfire (15.35MM), Gap Wildfire Direct (20MM), Preservation Wildfire Direct (2.5MM), OAHTC Pool for Wildfire (200MM)
- Land Acquisition Program was updated to include new funding amount and articulate set asides. New updates include set asides specifically for rural areas and a set aside for culturally specific organizations that is cross cutting to include rural areas.

<u>Key Risks</u>:

- More disasters to respond to; Rural partner capacity for policy development and outreach efforts
- Increasing construction costs statewide
- Lack of coordinated agency messaging around rural efforts
- Potential major adjustments to programs and policies will need to be made if the Federal Build Back Better bill passes.

OREGON HOUSING and COMMUNITY SERVICES
725 SUMMER STREET NE, SUITE B | SALEM, OR 97301
503-986-2000 | www.oregon.gov/OHCS

DATE: January 7, 2022

TO: Housing Stability Council
Margaret Solle Salazar, Executive Director

FROM: Jaci Ladewig, Administrative Rules and Legislative Coordinator
Nicole Stingh, Assistant Director of Government Relations

SUBJECT: Permanent Rule Changes to the Rent Guarantee Program

---

Summary:
Per ORS 456.608(10) the Housing Stability Council is to approve rule changes to the Rent Guarantee Program [1]. These administrative rule changes can be found in OAR 813-365-015 813-365-030, and the proposed permanent rule order is included. Program changes stem from HB 2101 (2021 Regular Session), an OHCS sponsored bill vetted by the Housing Stability Council in 2020.

Background:
The Rent Guarantee Program provide incentives and financial assistance to landlords that rent or lease to low-income households by guaranteeing payments to landlords for unpaid rent and property damage costs. This program requires tenants to complete a training and has been effective in helping high-barrier tenants find housing. Despite more than 2,300 program graduates, OHCS has only paid out 8 requests for assistance for damage or missed rent. The Rent Guarantee Program is an effective strategy to bust barriers that tenants face and is offered across the state[2].

In 2021, the 81st Legislative Assembly passed House Bill 2101 authorizing OHCS to remove barriers for landlord seeking assistance by eliminating per-landlord limits and unpaid rent limits per tenant for reimbursements under the Rent Guarantee Program (see legislative one-pager). This change was requested by program providers to incentivize landlord participation in the program and discussed with the Housing Stability Council in 2020 and in July 2021, following the conclusion of the regular session.

Previously, the Rent Guarantee Program limited landlord relief by placing a $5,000 limit around each eligible landlord. With these rule changes, each **request** submitted cannot exceed $5,000

[1] ORS 456.608, "(10) The council, in consultation with the department, shall adopt rules to implement the provisions of this section. [2017 c.659 §2; 2019 c.243 §1]"
[2] Rent Guarantee Program Providers: https://www.oregon.gov/ohcs/for-providers/Documents/rent-guarantee/RGP-Providers.pdf

OREGON HOUSING and COMMUNITY SERVICES
725 SUMMER STREET NE, SUITE B | SALEM, OR 97301
503-986-2000 | www.oregon.gov/OHCS

but there is no limit to how many requests a landlord can submit. This allows a landlord to rent to multiple graduates of the Rent Guarantee Program and receive the program guarantee for all eligible renters. HB 2101 also removes the $2,000 limit for unpaid rent. This rule update incorporates the revisions in the Rent Guarantee Program Manual.

The Permanent Rule Draft included in the packet codifies other HB 2101 policy, including the change to the Housing Choice Landlord Guarantee Program that removes the requirement that landlords obtain a small court judgment against tenants to access program funds. This requirement was a barrier for landlords and causes future housing barriers for tenants. The statutes that govern this program do not require Housing Stability Council approval.

Consideration:
We request a motion to approve these Permanent Rule Changes to OAR 813-365 for the Rent Guarantee Program.

PERMANENT ADMINISTRATIVE ORDER

CHAPTER 813
OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT

FILING CAPTION: Enact HB 2101 from the 81st Oregon Legislative Session into Rule.

EFFECTIVE DATE: 01/07/2022

AGENCY APPROVED DATE: 12/07/2021

CONTACT:
Jaci Ladewig
971-301-0359
jacqueline.ladewig@hcs.oregon.gov
725 Summer St NE Suite B
Salem,OR 97301

RULES:
813-360-0010, 813-360-0030, 813-365-0015, 813-365-0030

AMEND: 813-360-0010
RULE TITLE: Definitions
RULE SUMMARY: Amends Housing Choice Landlord Guarantee Program (HCLGP) definitions to include a complete application in form and format prescribed by OHCS in response to the revised program application requirements of House Bill 2101 (2021).
RULE TEXT:

Terms used throughout this division (OAR 813-360) may be defined in Oregon Revised Statute (ORS) or in the OHCS General Definitions (OAR 813-005-0005). Terms used within this division observe those definitions, except as defined. For the purposes of this division:

(1) "Application" means a completed application in the form and format prescribed by OHCS submitted by a landlord for HCLGP assistance.

(2) "Housing Choice Landlord Guarantee Program" or "HCLGP" means the program administered by OHCS pursuant to this division and ORS 456.375 to 456.390.

(3) "Housing Choice Voucher Program" is as defined in ORS 456.375(1).

(4) "Landlord" is as defined in ORS 456.375(2).

(5) "Program assistance" or "HCLGP assistance" means eligible reimbursement funding to a landlord by OHCS from the Housing Choice Landlord Guarantee Program Fund in response to a complete application submitted to OHCS.

(6) “Tenant” is as defined in ORS 456.375(4).

STATUTORY/OTHER AUTHORITY: ORS 456.555, ORS 456.378(5)
STATUTES/OTHER IMPLEMENTED: ORS 456.375 to 456.390, Chapter 57, 2021 Oregon Laws

AMEND: 813-360-0030
RULE TITLE: Landlord Eligibility
RULE SUMMARY: Rule eliminates program eligibility requirement of a small claims judgment against a tenant and amends the timeline in which to apply for the Housing Choice Landlord Guarantee Program to comply with House Bill 2101 (2021).
RULE TEXT:

(1) In order to be eligible for HCLGP assistance, a landlord must submit a complete application, in form and format prescribed by OHCS.

(2) HCLGP assistance may be provided for reimbursement of qualifying damages, including, but not limited to the following:

(a) Property damage;

(b) Unpaid rent;

(c) Loss of rental income during the time required for repairs with respect to qualifying property damage;

(d) Lease-break fees; and

(e) Other costs related to lease violations by a tenant.

(3) In addition, for a claim of damages to qualify:

(a) The damage amounts must be incurred from an eligible tenant occupancy that began after July 1, 2014;

(b) The damage amounts must be caused by the tenant's occupancy, pursuant to a rental agreement under the Housing Choice Voucher Program, in effect at the time the damage was incurred;

(c) Property damage amounts must exceed normal wear and tear; and

(d) The total damage amounts must be in excess of $500, but not more than $5,000 per tenancy.

(4) A landlord may not seek, accept or retain HCLGP assistance from OHCS for amounts paid to the landlord for qualifying damages by the tenant or by a third party.

(5) If, after submitting an application for HCLGP assistance to OHCS, a landlord receives payment from a tenant or a third party for any damages identified in the application for assistance, the landlord must notify OHCS within 10 days of such payment.

(6) A landlord must provide restitution to OHCS for overpaid HCLGP assistance within 45 days.

(7) OHCS shall maintain a record of HCLGP assistance provided to a landlord to assist it in

determining if there has been an overpayment of HCLGP assistance to that landlord.

(8) To receive HCLGP assistance, the landlord must submit a complete application, satisfactory to OHCS, along with supporting documentation as required in the application. The HCLGP application shall be available on the OHCS website.

(9) A landlord must submit to OHCS an application for HCLGP assistance within one year following the later of the date that:

(a) The tenancy for which the application is made terminates; or

(b) The landlord obtains possession of the dwelling unit for which the application is made; or

(c) Payments from the Housing Choice Voucher Program to the landlord terminate.

(10) OHCS will review applications and make awards of HCLGP assistance for qualifying applications within 45 days of its receipt of all required information. OHCS may choose to require the submittal of additional or clarifying information.

(11) If a landlord obtained a small claims judgement from their local circuit court for any expenses claimed from the HCLGP, the landlord must file a satisfaction of judgment in the amount of any HCLGP assistance received from OHCS in the court from which the judgment against the tenant was obtained. A copy of this filed satisfaction must be delivered to OHCS within 30 days of the claimant's receipt of HCLGP assistance.

STATUTORY/OTHER AUTHORITY: ORS 456.555, ORS 456.378(5)
STATUTES/OTHER IMPLEMENTED: ORS 456.375 to 456.390, Chapter 57, 2021 Oregon Laws

AMEND: 813-365-0015
RULE TITLE: Manual
RULE SUMMARY: The RGP Manual was updated to incorporate the House Bill 2101 (2021) changes that eliminated per-landlord limit and unpaid rent limits per tenant for reimbursements under the Rent Guarantee Program and incorporate current procedures; this rule incorporates the updated RGP Manual into the rules.
RULE TEXT:

The Rent Guarantee Program Operations Manual (RGP Manual) with the requirements and standards therein, dated January 1, 2022, is incorporated into and adopted as part of this division of administrative rules, by reference. The RGP Manual may be accessed online at the OHCS website.

STATUTORY/OTHER AUTHORITY: ORS 456.555, ORS 456.608(10)
STATUTES/OTHER IMPLEMENTED: ORS 458.505, ORS 456.607 to 456.609, Chapter 57, Oregon Laws

AMEND: 813-365-0030
RULE TITLE: Eligibility
RULE SUMMARY: House Bill 2101 (2021) eliminated per-landlord limits and unpaid rent limits per tenant for reimbursements under the Rent Guarantee Program and rule updates those provisions.
RULE TEXT:

(1) In order to be eligible for RGP funds, a program provider must have an executed Program Provider-Landlord Agreement.

(2) Applications for qualifying damages are submitted after an eligible tenant's vacancy of an RGP-covered unit, either by voluntary move-out or by eviction. Landlords have 30 days in which to submit a request for funds to the program provider, from the date that the landlord takes possession of the unit.

(3) Qualifying damages that occurred within the first 12 months of an eligible tenant's occupancy may not exceed $5,000 per eligible request and include, but are not limited to:

(a) Unpaid rent;

(b) Property damages beyond normal wear and tear and caused by the tenant or the tenant's occupancy; and

(c) Eviction costs include court filing fees, attorney fees, and serving of notice.

(4) An eligible tenant is one that meets the requirements of ORS 456.608(2).

(5) Program providers must submit to OHCS an RGP application, in form, format and substance satisfactory to OHCS, within 10 days from the date that the landlord submits a request for funds to the program provider.

(6) Program providers must certify that the application details and supporting documentation (i.e.; final security deposit accounting, move-in and move-out inspection checklists, applicable receipt or proof of damages, documentation of non-payment of rent) have been received from the landlord and have been reviewed and verified by the program provider. Program providers must keep all application information within the tenant file.

(7) The RGP application shall be available on the OHCS website.

(8) A submitted application is subject to approval, including as modified by OHCS, or disapproval by OHCS.

STATUTORY/OTHER AUTHORITY: ORS 456.555, ORS 456.608(10)
STATUTES/OTHER IMPLEMENTED: Chapter 57, 2021 Oregon Laws, ORS 456.607 to 456.609

OREGON HOUSING and COMMUNITY SERVICES
725 SUMMER STREET NE, SUITE B | SALEM, OR 97301
503-986-2000 | www.oregon.gov/OHCS

January 7, 2022

To: Housing Stability Council
Margaret Solle Salazar, Executive Director

From: Ryan Vanden Brink, Asst. Director of Homeowner Assistance Programs
Kim Freeman, Asst. Director of Homeownership Programs
Emese Perfecto, Director of Homeownership

Re: Updates on the Oregon Homeowner Assistance Fund (HAF)
Updates on homeowner counseling through the Foreclosure Avoidance Counseling and NeighborWorks America Housing Stability Counseling programs

---

There is no motion for approval required on today's briefing.

This memo provides updates on the Homeowner Assistance Fund (HAF) program, Foreclosure Avoidance Counseling program, and the NeighborWorks America Housing Stability Counseling program. It also provides information on the end of the foreclosure moratorium in Oregon. In December, you heard very important feedback from our valued partners. Central to that feedback was the concern on the lack of clarity on their role in the HAF program, and their desperate need for funding to perform the work being asked of them. We are happy to report key milestones including processing homeowner applications during the soft opening of HAF, five recent engagement and outreach activities on the HAF program (with three more before the January HSC meeting), and amendments to the HAF Request for Applications for outreach and application intake assistance that are responsive to our partners' concerns and council member feedback. OHCS also worked with our procurement and DOJ teams for the completed grant agreements for both Foreclosure Avoidance Counseling (FAC) and NeighborWorks America Housing Stability Counseling Programs. This memo will elaborate on these and other topics.

Homeowner Assistance Fund

The Homeowner Assistance Fund (HAF), established by the American Rescue Plan Act in March 2021, is a mortgage-relief program that will assist homeowners who were financially impacted by the coronavirus pandemic. Oregon will help homeowners become current on their mortgages and other housing costs and, for certain homeowners, provide monthly mortgage payments. As discussed in the December council meeting, based upon program guidance and stakeholder feedback, OHCS will target HAF assistance to homeowners the most at risk of foreclosure or displacement.

Oregon Housing and Community Services | 725 Summer St. NE Suite B, Salem, OR 97301-1266 | (503) 986-2000 | FAX (503) 986-2020

The Oregon HAF program is currently open and processing phase one applications to assist the most at-risk homeowners. Because HAF involves underwriting loan applications, information exchange with mortgage servicers and other housing cost providers, and coordinating loan education and document signing before funding, OHCS does not anticipate issuing a payment until January 2022. Phase one includes homeowners in active foreclosure, unemployed homeowners who have exhausted their unemployment benefits and are at risk of foreclosure, homeowners with chattel loans or land sale contracts and are at risk of foreclosure, and homeowners whose post-foreclosure delinquent property tax redemption period ends in 2021 or 2022. Homeowners in these situations should work with housing counselors[1] to evaluate all their options, including HAF.

Until Oregon receives U.S. Treasury approval for our plan and program terms, we may only use the initial $9 million we received, about half of which is reserved to increase administrative capacity. This means OHCS has just $5 million available at this time to begin serving homeowners, which will serve only 83 homeowners if each receives the maximum assistance available. In December 2021, OHCS responded to the U.S. Treasury's questions and feedback about Oregon's submitted HAF plan and program terms, after incorporating feedback from three stakeholders on key U.S. Treasury questions. While we do not have control over the timeline, we hope to receive U.S. Treasury approval of the Oregon HAF plan in mid- to late January 2022. HAF involves an intentional planning and review process and we estimate the U.S. Treasury has only approved the HAF plans of about 12 states as of mid-December 2021.

At the December 2021 Housing Stability Council meeting, several partners provided comments on funding and recent engagement of the HAF program. We engaged with these and other partners and incorporated HSC member feedback over the last month. HAF has answered many questions and issued two amendments to its Request for Applications (RFA) to provide community-based outreach and application intake assistance. Based upon stakeholder feedback about this RFA in November and December, the HAF team increased compensation to organizations for completed online applications from $100 to $200, added $50 for a loan signing ceremony, and provided for a $4,000 advance per grantee for application intake assistance, to get funds to smaller partners more quickly. The fee structure for this program is as follows:

For direct outreach activities:

- Radio, TV, or print advertising: up to $5,000
- Video content accessible to the public: up to $1,000 ($200/video)
- Telephone campaign: up to $1,000 ($250/campaign)
- Email campaign: up to $500 ($100/campaign)
- Print materials (pamphlets, brochures, newsletters): up to $1,000
- Substantive social or digital media content: up to $150
- In-person outreach or sign-up clinics: up to $3,000 ($500/event)
- Virtual outreach or sign-up clinics: up to $3,000 ($500/event)

---

[1] In Oregon, housing counselors may be found through your local homeownership center at may be found at: https://www.oregon.gov/ohcs/homeownership/pages/housing-counseling.aspx.

Oregon Housing and Community Services | 725 Summer St. NE Suite B, Salem, OR 97301-1266 | (503) 986-2000 | FAX (503) 986-2020

For application intake assistance:

- Completed online application in the correct phase: $200
- Quarterly income and hardship verification: $25
- Loan document education and signing ceremony: $50
- In-person or mobile notary services: $10 per document
- Travel reimbursement for notary services: applicable IRS rate.
- Remote online notary services: $25 per document
- Certification of additional remote online notaries: $100 (up to two)

Each grantee is eligible to receive up to $60,000, with a maximum award of $14,650 for community-based outreach and marketing and the remainder available for application intake assistance. Retroactive compensation for intake assistance is available back to November 1, 2021. Several applications are before the scoring committee, with the first grant agreements expected in January 2022. The sample agreement was approved for legal sufficiency review with minor changes.

Since the December 2021 council meeting, OHCS completed one general HAF stakeholder engagement meeting, two overviews of the HAF application process, and two in-depth HAF program trainings. HAF informational materials and the application are available in Spanish. Before the January council meeting, OHCS will conduct an additional overview of the HAF application process and its first two weekly foreclosure prevention calls. The HAF team has provided email and telephone support for intake affiliates, including housing counselors, and the public. In the new year, we hope to make some of these sessions available by video and to create Spanish training sessions.

HAF Equity Update. HAF is in a soft opening phase and is intentionally accepting limited applications. Of the handful of applications received, they are from low-income households, Hispanic households, households with disabled individuals, and elderly applicants. We are working with housing counselors, including culturally specific organizations, to provide additional support for their work with Socially Disadvantaged Individuals and BIPOC homeowners.

Foreclosure Avoidance Counseling Program

The Foreclosure Avoidance Counseling (FAC) program is an ongoing state-funded program that requires new grant agreements from partners. OHCS is currently working on finalizing the grant agreements for partners.

To ensure all Oregon Housing and Community Services (OHCS) partnering homeownership centers were aware of the opportunity to counsel clients in the FAC program, a technical advisory was sent out to all OHCS homeownership “e-news” subscribers on December 7, 2021, to let them know they can notify OHCS of their interest in providing services to homeowners in this program. 16 partnering Homeownership Centers expressed interest in the program by the December 21, 2021 deadline.

HSC heard in December how badly this funding is needed by our partners, we've worked to prioritize this through procurement/DOJ and we are happy to report legal sufficiency was received on December 28th and the agreements will be out for execution the week of January 3rd.
OHCS program staff and partnering homeownership centers met in August 2021 and agreed on the need and the fee structure to support this work. Participating homeownership centers can submit monthly invoices for payment of services provided to homeowners on a reimbursement basis from the amount allocated in OHCS's budget: $2,837,417. The fee structure for this program is as follows:

- Counseling and assessment of homeowner: $650
- Intake into OFA Program, including document collection and submission: $250
- Attendance of resolution conference: $250
- Additional attendance of resolution conference, as needed: $50

During our August meeting, one of our new homeownership centers indicated they would like to train with an experienced homeownership center that has previously counseled homeowners and attended resolution conferences in the Oregon Foreclosure Avoidance (OFA) program. Included in the technical advisory was a request for experienced homeownership centers to notify OHCS if they were interested in mentoring with training and technical assistance to a new center for 12 months, with at least five hours of training and $5,000 in compensation to provide the training assistance.

NeighborWorks America Housing Stability Counseling Program

NeighborWorks America notified OHCS on September 8, 2021 that it was awarded $1,681,331 for the Housing Stability Counseling program. Upon receiving our grant agreement and program requirements, OHCS submitted appropriate documentation to complete the agreement requirements on October 13, 2021, as required in the OHCS-NeighborWorks agreement. OHCS received the fully executed grant agreement on November 19, 2021.

OHCS program staff conducted a welcome webinar for participating subgrantees to explain program requirements and compliance on December 9, 2021. Included in the webinar was information that subgrantees could counsel clients ahead of receiving a fully executed agreement based on the agreements being dated back to the start of the performance period of September 8, 2021. We are prioritizing to get this badly needed funding into the hands of our partners. We anticipate the grant agreements will be completed by early January, with the ability of our partners to draw funds by end of January or early February.

Participating homeownership centers are currently counseling clients and will submit invoices once the grant agreements are executed. The participating homeownership centers will submit monthly invoices for payment of services provided to homeowners and renters on a reimbursement basis from the total allocated to counseling and support of $1,412,200. The fee structure for this program is as follows:

- Intake and assessment of household: $200
- Counseling, determining options available and assist in documents and communication with financial assistance and/or public benefits: $550
- Follow-up; communicate with household for additional services or close out file: $50

End of the Foreclosure Moratorium

On December 31, 2021, Oregon's foreclosure moratorium will end. In addition, Oregonians will no longer have rights under HB 2009 to defer payments and postpone those deferred payments to the maturity of their loan without penalty. While roughly 70% of Oregon homeowners have other viable loss mitigation options that will continue into 2022, the end of the moratorium will be a stressful event for many. The Real Estate Settlement Procedures Act (RESPA) outreach rules and the Oregon Foreclosure Avoidance program requirements will help transition many proactive homeowners into a workout option. For those exiting forbearance or at risk of foreclosure, the agency and the state strongly suggest homeowners reach out to free, experienced, and dedicated housing counselors for individual advice. HAF is not the only option and may not be the best option for most homeowners. An OHCS press release is available for your review at: https://www.oregon.gov/ohcs/about-us/Documents/press/12-28-2021-Foreclosure-Moratorium-PR-.pdf

Conclusion

As the foreclosure moratorium ends, OHCS will be working with our partners to help serve homeowners who are at risk of foreclosure and need or desire to have counseling and support as they exit forbearance plans and explore reinstatement or assistance options. We look forward to providing updates to the Housing Stability Council throughout this next year.

OREGON HOUSING and COMMUNITY SERVICES
725 SUMMER STREET NE, SUITE B | SALEM, OR 97301
503-986-2000 | www.oregon.gov/OHCS

Date: January 7, 2022

To: Housing Stability Council Members;
Margaret Solle Salazar, Executive Director

From: Tai Dunson-Strane, Production Manager
Mitch Hannoosh, Interim Senior Policy Analyst
Roberto Franco, Assistant Director, Development Resources and Production
Natasha Detweiler-Daby, Interim Director, Affordable Rental Housing

Re: 4% LIHTC/Conduit Bond Funding Recommendations

Motion: Approve the 4% LIHTC/Conduit Bond funding recommendations for the following projects:

1. **Approve Pass Through Revenue Bond Financing in an amount up to and not to exceed $75,661,040 to Blackbird & Main Housing Associates LP for the construction of Blackbird and Main Apartments, subject to final approval from the OHCS Finance Committee and Executive Director and the borrower meeting underwriting and closing criteria and documentation satisfactory to legal counsel and Treasurer approval for the bond sale.**

2. **Approve Pass Through Revenue Bond Financing in an amount up to and not to exceed $42,250,000 to The Canopy Apartments at Powell, LP for the construction of The Canopy Apartments at Powell, Portland subject to final approval from the OHCS Finance Committee and Executive Director and the borrower meeting underwriting and closing criteria and documentation satisfactory to legal counsel and Treasurer approval for the bond sale.**

3. **Approve Pass Through Revenue Bond Financing in an amount up to and not to exceed $7,020,000 to Fremont Manor Community Partners, LP for the acquisition and rehabilitation of Fremont Manor Apartments, Portland subject to borrower meeting underwriting and closing criteria and documentation satisfactory to legal counsel and Treasurer approval for the bond sale.**

4. **Approve Pass Through Revenue Bond Financing in an amount up to and not to exceed $8,385,000 to Garden Grove LCC or for the acquisition and rehabilitation of Garden Grove, Grant Pass subject to final approval from the OHCS Finance Committee and**

Executive Director and the borrower meeting underwriting and closing criteria and documentation satisfactory to legal counsel and Treasurer approval for the bond sale

5. **Approve Pass Through Revenue Bond Financing in an amount up to and not to exceed $5,378,281 to Kentonwood Dimension Apartments LLC for the construction of Kenton Wood Dimensions, Portland subject to final approval from the OHCS Finance Committee and Executive Director and the borrower meeting underwriting and closing criteria and documentation satisfactory to legal counsel and Treasurer approval the bond sale.**
6. **Approve Pass Through Revenue Bond Financing in an amount up to and not to exceed $40,950,000 to Maple OC Limited Partnership for the construction of Maple Apartment, Oregon City subject to final approval from the OHCS Finance Committee and Deputy Director and the borrower meeting underwriting and closing criteria and documentation satisfactory to legal counsel and Treasurer approval the bond sale.**
7. **Approve Pass Through Revenue Bond Financing in an amount up to and not to exceed $3,900,000 to Stillwater Housing Associates Limited Partnership for the construction of Stillwater Crossing Apartments, Bend subject to final approval from the OHCS Finance Committee and Executive Director and the borrower meeting underwriting and closing criteria and documentation satisfactory to legal counsel and Treasurer approval the bond sale.**

At the upcoming Housing Stability Council meeting, we will be presenting seven 4% LIHTC/Conduit Bond Recommendations for Council approval. These projects are in various stages of the underwriting process - approved by the Housing Stability Council, approved by the OHCS Finance Committee or scheduled for an approval by Finance Committee. In this memo, we are providing you with a high-level summary of the recommended projects. More detailed information regarding each project can be found in the individual project summaries following this cover memo. We will provide a more detailed discussion of the overall funding landscape and where these projects fit into it during the Housing Stability Council meeting.

4% LIHTC Applications

As a non-competitive resource, the 4% LIHTC program has focused primarily on helping OHCS meet its unit production goals. All applications that are submitted and conform to OHCS's underwriting guidelines and the baseline policy standards established across programs are brought to OHCS's Finance Committee for review and approval.

Oregon Housing and Community Services | 725 Summer St. NE Suite B, Salem, OR 97301-1266 | (503) 986-2000 | FAX (503) 986-2020

In line with 4% LIHTC rules, these credits must be leveraged in conjunction with Private Activity Bonds, with at least 50% of project costs covered by that resource. As OHCS reached its PAB cap, a pause was placed on all 4% LIHTC applications. The projects brought before the Council today are those that were already in the pipeline, having had applications reviewed and accepted with OHCS issued Intent Resolutions to issue 4% LIHTC, when the pause was placed.

These 4% LIHTC projects with accepted applications and funding commitments fall into three primary categories of funding:

1. 4% LIHTC projects with other OHCS funding already approved (LIFT projects);
2. 4% LIHTC projects accessing Metro Bond resources;
3. 4% LIHTC projects without OHCS or Metro resources.

All applications are subject to underwriting and programmatic requirements established under the Qualified Allocation Plan, General Policy and Guideline Manual (GPGM) and MWESB/SDVBE Compliance Manual were eligible to be considered for funding. All applications proposed a percentage target of MWESB contractors and subcontractors above the minimum standards set forth in the OHCS MWESB Compliance Policy, and all have an Affirmatively Furthering Fair Housing Marketing Plan including a Tenant Selection Plan that will market to those least likely to apply. All projects sponsored have signed our Diversity Equity and Inclusion (DEI) Agreement.

Statewide Housing Plan Priorities

The 4% LIHTC program's primary focus has been on unit production, as such some of these projects are not actively or intentionally achieving the range of policy goals in OHCS's Statewide Housing Plan. The value of building and preserving housing in the ongoing housing crisis is critical, but OHCS staff have acknowledged a need to incorporate more than just baseline policy priorities within these projects moving forward to ensure they are keeping up with the higher standards incorporated into other projects, particularly around service to BIPOC communities.

With that discrepancy between future goals and the program as it exists today in mind, we present these projects in three buckets:

1. Working Towards: those that are meeting MWESB requirements but are not actively furthering equity and racial justice. Production staff will continue to engage these developers in furthering connections in alignment with upcoming capacity offerings for culturally specific service providers;

Oregon Housing and Community Services | 725 Summer St. NE Suite B, Salem, OR 97301-1266 | (503) 986-2000 | FAX (503) 986-2020

2. Meeting: Those that are meeting agency standards of MWESB and Equity Racial Justice through partnerships, and;
3. Furthering: Those that are furthering Equity and Racial Justice through more dynamic engagement and alignment of equity and racial justice priorities.

OHCS staff will work with partners that are not furthering equity and racial justice through the remainder of the underwriting and construction phases to ensure their projects are providing equitable access to BIPOC communities and culturally competent services to the extent possible; this could include linkages to capacity building investments with culturally specific organizations.

Funding Recommendation:
We are recommending a funding reservation for seven projects that have approved 4% LIHTC applications. Together, these projects will create 933 units of new affordable housing and preserve 88 units of affordable housing in communities across the state. The recommendations are for awards totaling $183,544,321 million.

Projects with Other OHCS Funding

Project Name	County	Total Units	ERJ Spectrum	Sponsor	Underwriting Stage
The Canopy Apartments at Powell	Multnomah	169	Furthering	USA Properties Fund/Northwest Housing Alternatives	Approved by HSC
Garden Grove	Josephine	60	Working Towards	Chrisman Development	Scheduled FC meeting
	Total	**229**			

Projects with (or seeking) Metro Bond Funding

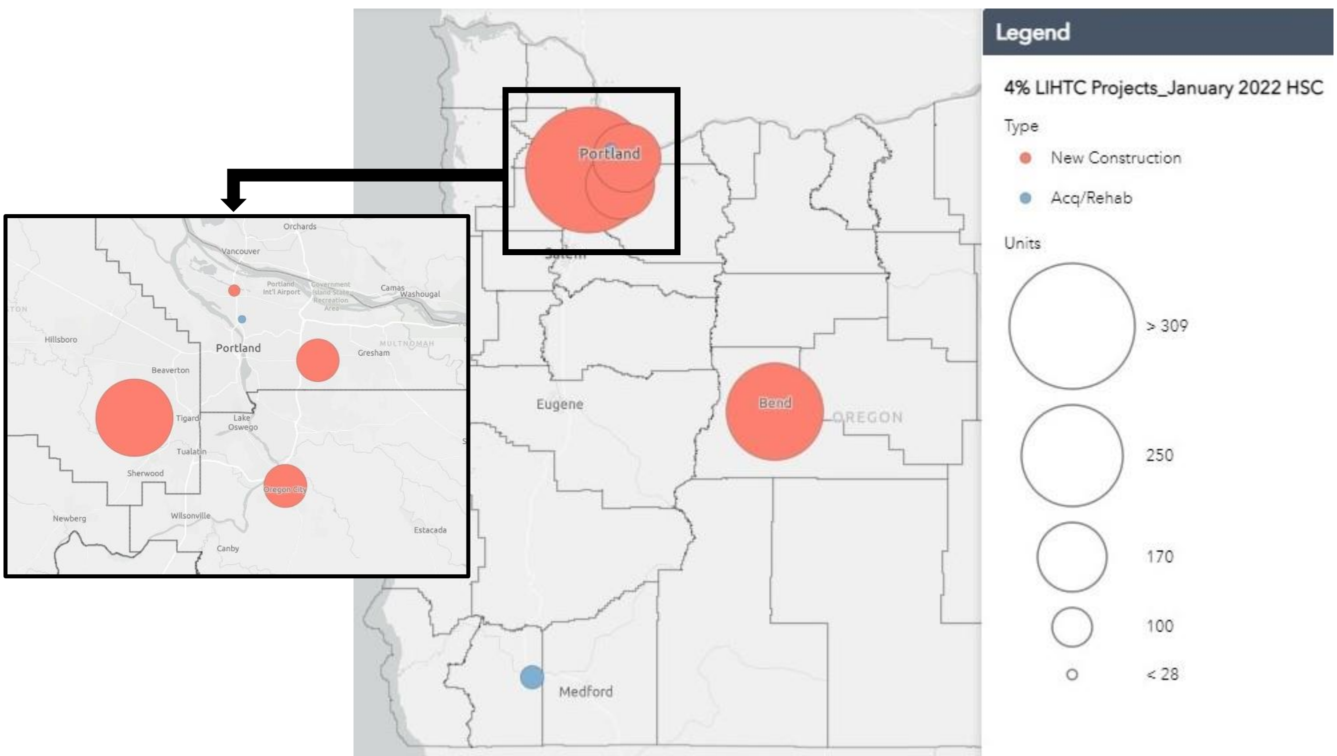
Project Name	County	Total Units	ERJ Spectrum	Sponsor	Underwriting Stage
Maple Apartments	Clackamas	171	Furthering	Community Development Partners/Hacienda CDC	Scheduled FC meeting
Blackbird and Main Apartments	Washington	309	Furthering	Wishcamper Development Partners	Scheduled FC meeting
	Total	**480**			

Oregon Housing and Community Services | 725 Summer St. NE Suite B, Salem, OR 97301-1266 | (503) 986-2000 | FAX (503) 986-2020

4% LIHTC Only Urban Projects

Project Name	County	Total Units	ERJ Spectrum	Sponsor	Underwriting Stage
Fremont Manor	Multnomah	28	Working Towards	Community Development Partners	Scheduled FC meeting
Kentonwood Dimensions	Multnomah	44	Furthering	Willis Apartments LLC	Approved by FC
Stillwater Crossing	Deschutes	240	Meeting	Wishcamper Development Partners	Approved by HSC
	Total	**312**			

<u>Map of Properties by unit size and construction type</u>



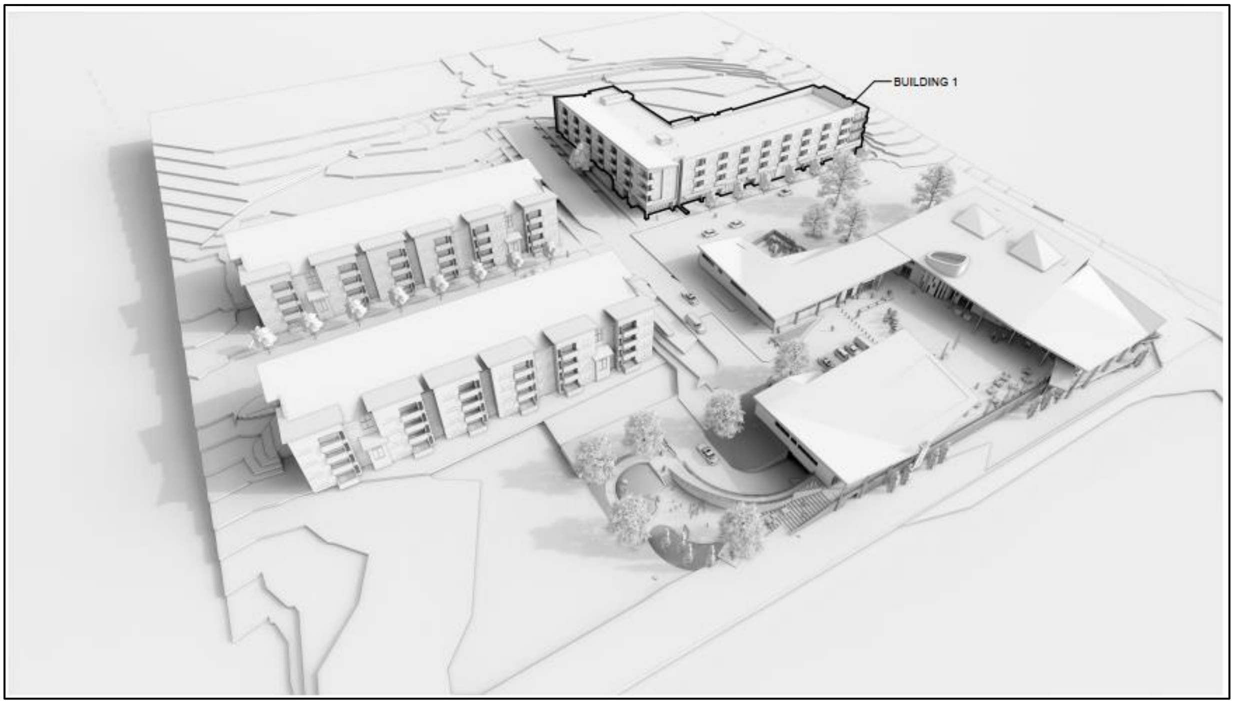
<u>See attached project summaries for additional information.</u>

SUMMARY			
Project Name:	Blackbird and Main Apartments		
City:	Beaverton	County:	Washington
Sponsor Name:	Wischamper Development Partners LLC		
Urban/Rural:	Urban	Total Units:	309
# Rent Assisted Units:	none	Units by Size & Affordability:	8 1-BR at 30% AMI 20 2-BR at 30% AMI 3 3-BR at 30% AMI 48 1-BR at 60% AMI 117 2-BR at 60% AMI 20 3-BR at 60% AMI 24 1-BR at 70% AMI 60 2-BR at 70% AMI 9 3-BR at 70% AMI
Funding Request		**Funding Use**	
		Acquisition	$10,948,493
4% LIHTC:	$41,263,039 (aggregate allocation)	Construction	$70,474,222
Conduit Bonds:	*up to* $75,661,040	Development	$33,231,773
OMEP:	$356,895	Total:	$114,654,488

PROJECT DETAILS	
Project Description:	Blackbird and Main Apartments is a new construction, 100% affordable housing development located in the South Cooper Mountain Community of Beaverton. The project will consist of six multi-story elevator serviced buildings. Eighty of the units will be one-bedroom units designated as senior housing and will be located in a mixed-use building with ground floor leasing office, community amenities and commercial or retail lease space located below. The remaining two hundred twenty-nine family sized-units, consisting of one hundred ninety-seven two-bedroom and thirty-two three-bedroom, will be in the remaining five buildings. Project amenities will include community room for tenant use, common laundry, common kitchen, playground, garden plots, storage space and on-site leasing office. The site is located in an area zoned as High Density Residential with convenient access to schools, shopping, parks, social services and emergency services.

<table>
<tr><td>Partnerships to Reach Communities of Color:</td><td>The priority population for the market area has been identified as Hispanic and Latinx. Wishcamper Development Partners LLC has also identified Asian as a priority population based on the Census Tract data analysis. IZO Marketing (a Hispanic-owned marketing firm from Woodburn) has been engaged to provide community outreach, marketing and support services to help ensure awareness and understanding of the housing opportunity for the priority populations.</td></tr>
<tr><td>Reaching Underserved Communities:</td><td>Wishcamper Development Partners LLC has partnered with Guardian Management LLC as the property management company for Blackbird and Main Apartments. Guardian has provided managing services for affordable housing for over 40 years and manages over 120 income-restricted properties throughout Oregon, Washington and Arizona.
Resident Services will be provided by Community Partners for Affordable Housing (CPAH) for Blackbird and Main Apartments. The property will have at least one full-time on-site resident services provider. The resident services program provides services including:
• Housing Stability
• Eviction Prevention Services
• Youth Programming
• Community Building
• Thriving in Place – Services for Senior residents
Wishcamper Development Partners LLC has identified several community organizations within the area, in addition to resident services, to support the target populations and least likely to apply. These organizations include Native American Youth and Family Center, El Programa Hispano Catolico, Izo, Urban League of Portland, Asian Health and Service Center, IRCO Asian Family Center and Clackamas County Social Services.</td></tr>
<tr><td>MWESB Target:</td><td>Wishcamper Development Partners is committed to meeting the 30% MWESB Participation goal for Blackbird and Main Apartments
• General Contractor – Colas Construction
• MWESB Consultant – National Association of Minority Contractors (NAMC)
• Community Outreach and engagement with Hispanic and Latinx communities – IZO Marketing and Ozzie Gonzalez</td></tr>
<tr><td>Alignment with Statewide Housing Plan:</td><td>• Equity and Racial Justice
• Affordable Rental Housing</td></tr>
<tr><td colspan="2">This development conforms to all OHCS underwriting standards. Upon Housing Stability Council approval of the established conduit bond funding limit, ultimate approval will be based on conformance with OHCS underwriting standards and due diligence and is delegated to OHCS Finance Committee and the Executive Director.</td></tr>
</table>

Rendering: Blackbird and Main Apartments – 17811 SW Scholls Ferry Rd, Beaverton



OREGON HOUSING and COMMUNITY SERVICES
725 SUMMER STREET NE, SUITE B | SALEM, OR 97301
503-986-2000 | www.oregon.gov/OHCS

SUMMARY			
Project Name:	The Canopy Apartments at Powell		
City:	Portland	County:	Multnomah
Sponsor Name:	USA Properties Fund/Northwest Housing Alternatives		
Urban/Rural :	Urban	Total Units	169
# Rent Assisted Units:	none	Units by Size & Affordability:	71 1-BR at 60% AMI 18 2-BR at 60% AMI 80 3-BR at 60% AMI
Funding Request		**Funding Use**	
LIFT Request:	$15,200,000	Acquisition	$3,818,494
4% LIHTC:	$2,889,407 (aggregate allocation)	Construction	$43,900,634
Conduit Bonds:	*up to* $42,250,000	Development	$15,623,367
OMEP:		Total:	$63,342,495

PROJECT DETAILS	
Project Description:	The Canopy Apartments at Powell is a new construction project with 169 units located in Portland, which consists of two separate three-story and four-story residential buildings and two community buildings. The unit mix will consist of 71 one-bedrooms, 18 two-bedrooms (including 2 manager's units), and 80 three-bedroom units. Each unit will contain a refrigerator, range/oven, garbage disposal, dishwasher, carpet and vinyl floor coverings, blinds, and ceiling fans. Project amenities will include a clubhouse, meeting room, playground, business center, computer room, courtyard, laundry facility, on-site management, on-site maintenance, perimeter fencing, video surveillance, common area wi-fi, bicycle parking and parking lot. Located near the NS/EW major mass transit streets of SE 122nd and SE Powell, the project is close to services and amenities, with direct access to regional light rail. The project is in a rapidly gentrifying neighborhood that is home to a high percentage of Latinos needing housing opportunities.
Partnerships to Serve Communities of Color:	USA Properties Fund/Northwest Housing Alternatives (NHA) have signed an MOU with Hacienda CDC to provide culturally specific services to Latinx tenants. The services plan will ensure housing stability and enhance opportunities for community building, while bilingual academic support for grades k-8 with culturally appropriate enrichment activities, summer programming, and parental involvement activities through Hacienda CDC's Expresiones

	program. The project sponsors will contract with Hacienda CDC to provide funding for a 1.0 FTE After School Program Coordinator to work in conjunction with USA Powell's Resident Services Coordinator and a team of volunteers. 99% of Hacienda's direct services staff are bilingual and bicultural, with invaluable lived experience who have been well-trained in best practices of trauma-informed care.
Reaching Underserved Communities:	Initial marketing will be conducted through newspaper ads, websites (Cascade's website and Craigslist), bulletin boards, and brochures. Targeted populations that were identified as the least likely to apply include Native or Alaskan American, Native Hawaiian or Pacific Islander and Black or African American. To supplement the initial marketing efforts, the project sponsors will also conduct additional outreach to the Urban League of Portland, Mano a Mano, Asian Health & Service Center, Native American Youth and Family Center, Asian Pacific American Chamber of Commerce of Oregon and SW Washington, Northwest Pilot Project and the Department of Diversity and Equity from Multnomah County. If the outreach is not reaching the communities, it is targeting successfully, the Affirmative Fair Housing Marketing Plan will be re-evaluated and updated if necessary.
MWESB Target:	Professional Services: The project will have as a goal to achieve a minimum of 20% DMWESB-SDV professional services contracting. The Architect has a proven track record of reaching this level in their subconsultant contracting. In addition, NHA will prioritize meeting or exceeding the same percentage for the other professional service organizations under its direct contracting control. Property Management Services: NHA will work with Cascade Management Inc to achieve a minimum of 20% DMWESB-SDV property management services contracting on this project. Cascade Management Inc believes community success and importantly resident success stems from their ability to integrate into such communities by affirmative recruitment/hiring and training with a focus on advancement within the organization. Cascade Management collect demographic information on vendors electronically specific to MWESB information. MWESB information is obtained and tracked through our partnership with NetVendor. Cascade Management further reports on MWESB utilization to several of our clients, therefore, meeting our client's diversity goals as well. Roughly 40% of Cascade employees are minorities. Construction Contracting: NHA will work with the General Contractor, Walsh Construction, to achieve a minimum of 30% DMWESB-SDV construction contracting on this project. Walsh Construction Company has a long history of meaningful outreach to DMWESB subcontractors and has an in-house Community Outreach Director, Afton Walsh. Ashton is diligent with outreach and team coordination. The service provides a more personal experience to the DMWESB subcontracting community. The Outreach Strategy is implemented from the beginning of preconstruction though final occupancy. Walsh long-

	standing relationships in the area bring interest in projects due to their consistent and fair project management, business practices and concern for DMWESB subcontractor success and continued growth.
Alignment with Statewide Housing Plan:	• Equity and Racial Justice • Affordable Rental Housing
The LIFT program requires that all project sponsors sign a Diversity, Equity, and Inclusion (DEI) agreement and engage MWESB organizations.	
Upon Housing Stability Council approval of the established conduit bond funding limit, ultimate approval will be based on conformance with OHCS underwriting standards and due diligence, and is delegated to OHCS Finance Committee and the Executive Director.	

Rendering: Communities Buildings

OREGON HOUSING and COMMUNITY SERVICES
725 SUMMER STREET NE, SUITE B | SALEM, OR 97301
503-986-2000 | www.oregon.gov/OHCS

SUMMARY			
Project Name:	Fremont Manor Apartments		
City:	Portland	County:	Multnomah
Sponsor Name:	Community Preservation Partners		
Urban/Rural:	Urban	Total Units	28
# Rent Assisted Units:	28	Units by Size & Affordability:	18 1-BR at 60% AMI 9 2-BR at 60% AMI 1 3 BR at 60% AMI
Funding Request		**Funding Use**	
LIFT Request:	N/A	Acquisition	$5.000.000
4% LIHTC:	$4,241,060	Construction	$2,328,884
Conduit Bonds:	*up to* $7,020,000	Development	$3,213,889
OMEP:	N/A	Total:	$10,542,773

PROJECT DETAILS	
Project Description:	Fremont Manor Apartments is an acquisition and rehabilitation project with 28 units located in Portland, which consists of four two-story and garden style residential buildings. The unit mix consists of 18 one-bedrooms, 9 two-bedrooms, and 1 three-bedroom units. Fremont Manor currently operated under a section 8 HAP contract that OHCS administers for all the units. The contract restricts the tenants to pay no more than 30% of their income for rent. At the time of the sale and financial closing, the HAP contract will be transferred to the new owner, Fremont Manor Community Partners, LP and renewed for an additional 20 years.
Partnerships to Serve Residents:	The project will offer the partnership and MOU in place with Volunteers of America at a sister property located two miles away for the residents at Fremont Manor at no cost. Transportation will be provided free of charge to the Plaza Townhomes if tenants decide to take advantage of the services. Services provided are reflective of the needs of the current tenants.
Community Connections and Affirmative Marketing:	Fremont Manor is currently fully leased with an extensive waiting list. The property manager, Arrowhead Housing Inc., will make efforts post- closing to develop relationships with local community action organizations to assist residents in crisis and prevent

	eviction. They will offer the services available at their sister property and will provide the transportation to the property along with the supporting staff and services offered. The management and staff receive diversity, equity, and inclusion training as an ongoing, developmental process to support their professional development. At the core of all leasing activities is a commitment to furthering fair housing. Several strategies to be employed at the projects are to provide equitable access to marginalized communities, including linguistically appropriate materials, and translation services that reflect community demographics.
MWESB Target:	This project is expected to exceed 20% MWESB participation with an aspiring goal to reach 30% participation for both professional services and contracting.
Alignment with Statewide Housing Plan:	• Affordable Rental Housing
This development conforms to all OHCS underwriting standards. The primary risk is with the current unknown environment relating to COVID-19 and whether it will affect the construction period or delay any material deliveries necessary for the project. Enough contingency was built into the budget to mitigate risk of delay.	

Buildings:

OREGON HOUSING and COMMUNITY SERVICES
725 SUMMER STREET NE, SUITE B | SALEM, OR 97301
503-986-2000 | www.oregon.gov/OHCS

SUMMARY			
Project Name:	Garden Grove Apartments		
City:	Grants Pass	County:	Josephine
Sponsor Name:	Chrisman Development Inc.		
Urban/Rural:	Rural	Total Units	60
# Rent Assisted Units:	44	Units by Size & Affordability:	1 1-BR at 60% AMI 57 2-BR at 60% AMI 2 3-BR at 60% AMI
Funding Request		**Funding Use**	
GHAP:	$5,000,000	Acquisition	$3,036,864
4% LIHTC:	$5,633,740	Construction	$6,273,803
Conduit Bonds:	*up to* $8,385,000	Development	$3,908,103
OAHTC	$500,000		
OMEP:	$151,095	Total:	$13,218,770

PROJECT DETAILS	
Project Description:	Garden Grove Apartments is an acquisition rehabilitation project with 60 units located in Grants Pass, which consists of eleven residential buildings and two community buildings. The unit mix will consist of 1 one-bedroom, 57 two-bedrooms, and 2 three-bedroom units. The community buildings will include a leasing office and laundry facilities. This project will preserve 44 units of USDA rental subsidy where the tenants will pay a maximum of 30% of their income towards rent.
Partnerships to Serve Residents:	USDA/RD currently does not allow for resident services to be included in the budget of the project. However, the developer of the property CDI, along with the property manager, Viridian Management Inc., will endeavor to develop partnerships and long-term relationships with existing agencies in the community to help provide effective referral resources to the current and future tenants of the property. Some of agencies that will be approached are UCAN, DHS, Josephine County Food Bank, Rogue Community College , Headstart, The Salvation Army and St Vincent de Paul.
Community Connections and Affirmative Marketing:	The property is currently leased with an extensive waiting list. However, Viridian Management Inc., the property manager, has surveyed the market area and the current tenants and identified the under-represented in the property and waiting lists as

	American Indian/Alaskan Native, Asian and Persons with Disabilities. Marketing strategies will be to agencies and community contacts representing the identified populations. At the core of all leasing activities is a commitment to furthering fair housing. Several strategies will be employed at the project to provide equitable access to the marginalized communities, including targeted outreach, linguistically appropriate materials, and translation services that reflect community demographics.
MWESB Target:	Being a rural property, this project is expected to exceed 10% MWESB participation with an aspirational goal to reach 20% participation for both professional services and contracting.
Alignment with Statewide Housing Plan:	• Affordable Rental Housing • Rural Communities
Upon Housing Stability Council approval of the established conduit bond funding limit, ultimate approval will be based on conformance with OHCS underwriting standards and due diligence and is delegated to OHCS Finance Committee and the Executive Director.	

Garden Grove Apartment Buildings

OREGON HOUSING and COMMUNITY SERVICES
725 SUMMER STREET NE, SUITE B | SALEM, OR 97301
503-986-2000 | www.oregon.gov/OHCS

SUMMARY			
Project Name:	Kentonwood Dimensions		
City:	Portland	County:	Multnomah
Sponsor Name:	Willis Apartments LLC		
Urban/Rural:	Urban	Total Units:	44
# Rent Assisted Units:	none	Units by Size & Affordability:	39 0-BR at 60% AMI 5 1-BR at 60% AMI
Funding Request		**Funding Use**	
		Acquisition	$661,050
4% LIHTC:	$3,573,480	Construction	$5,246,538
Conduit Bonds:	*up to* $5,378,281	Development	$2,775,768
		Total:	$8,683,356

PROJECT DETAILS	
Project Description:	Kentonwood Dimensions will consist of one residential, four-story building located in the Kenton neighborhood of Portland in the county of Multnomah. The project will include 44-units, meeting room, laundry facility, extra storage, and bike storage. It will have a mix of 39 studio units and 5 three-bedroom/one-bath units. Building amenities available to residents include a community room, common laundry room, front porch, and long-term bike racks. Unit amenities will include in-unit storage space, rang, washer/dryer hook-up, and a refrigerator. The site is located
Partnerships to Serve Communities of Color:	Kentonwood Dimensions has garnered the support of Portland Housing Bureau (PHB) as well as other neighborhood groups including the Black Parent Initiative, Africa House, Asian Family Center, Impact NW, which serves the Slavic population, Self Enhancement Inc., Basic Rights Oregon, and other groups in the LGBTQ+ community. Although the project is not receiving PHB funds, Willis Apartments LLC voluntarily has agreed to incorporate PHB's N/NE Preference Policy. The Policy requires that all of PHB's housing investments in the area give preference in their leasing policies to

	people with documented historic ties to the neighborhood. This will specifically benefit the African American community who had been displaced from the Kenton neighborhood due to the revitalization of the area leading to rising rents. This preference will be managed in partnership with PHB. The YWCA of Greater Portland has signed an MOU with the sponsor to provide resident services for the tenants of Kentonwood Dimensions. The mission of the YWCA is to eliminate racism, empower women, and promote peace, justice, freedom, and dignity for all. The YWCA will provide the following services: • Proactive lease engagement activities • Job training, and financial education classes and coaching. • Childcare resources and referrals to appropriate community agencies • Youth programming activities nights, family sessions, outdoor activities, • Individualized services to assist with the impacts of parental alcohol and drug use • Crisis intervention services in times of need
Reaching Underserved Communities:	Cascade Management has completed an Affirmative Fair Housing Marketing Plan for the development, which outlines a detailed strategy to engage commonly underserved communities in the area. This plan will also be used to reach out to individuals and communities which are the least likely to apply for affordable housing opportunities. Willis Apartments LLC and Cascade Management has identified several publications and providers to support outreach effort to the target populations and least likely to apply: Willamette Week, Asian Reporter, Portland Alliance, Oregonian, El Latino Hoy, and Craigslist. Outreach to specific service providers including El Programa Hispanico, Multicultural Center, IRCO, NAYA, Urban League of Portland, Indian Affairs, Asian and Pacific Islander Action Team, Community Action Services, NW Pilot Project, VA Department, and Outside In.
MWESB Target:	Lorentz Bruun Construction will ensure that a Minimum 30% COBID participation is achieved on this project. LBC maintains a close relationship with numerous COBID/UBE firms due to decades of operation in the market and numerous projects they have completed. LBC currently maintains and manages a list of well over 10,000 active subcontractors that includes each firm's qualifications and status as COBID/UBE. Cascade Management has implemented equity strategies as it relates to direct and indict equity initiatives. This includes affirmative hiring to assure our staff can best meet the needs of every community. Cascade Management collect demographic information on vendors electronically specific to MWESB information. MWESB

Oregon Housing and Community Services \| 725 Summer St. NE Suite B, Salem, OR 97301-1266 \| (503) 986-2000 \| FAX (503) 986-2020

	information is obtained and tracked through our partnership with NetVendor. Cascade Management further reports on MWESB utilization to several of our clients, therefore, meeting our client’s diversity goals as well. Company Profile Cascade also survey its employees on their own demographic information and collect demographic data within our management units. Roughly 40% of our employees are minorities. We included in this data the voluntary self-identification of 17 employees in managerial or executive positions. Social Equity and Diversity Policy Our practices are specific to our intent and culture.
Alignment with Statewide Housing Plan:	• Equity and Racial Justice • Affordable Rental Housing
Upon Housing Stability Council approval of the established conduit bond funding limit, ultimate approval will be based on conformance with OHCS underwriting standards and due diligence and is delegated to OHCS Finance Committee and the Executive Director.	

Rendering: Kentonwood Dimensions. 1603 N. Willis Blvd Portland

Oregon Housing and Community Services | 725 Summer St. NE Suite B, Salem, OR 97301-1266 | (503) 986-2000 | FAX (503) 986-2020

OREGON HOUSING and COMMUNITY SERVICES
725 SUMMER STREET NE, SUITE B | SALEM, OR 97301
503-986-2000 | www.oregon.gov/OHCS

SUMMARY			
Project Name:	Maple Apartments – Maple OC Limited Partnership		
City:	Oregon City	County:	Clackamas
Sponsor Name:	Community Development Partners in partnership with Hacienda CDC		
Urban/Rural:	Urban	Total Units	171
# Rent Assisted Units:	70	Units by Size & Affordability:	42 1-BR at 60% AMI 54 2-BR at 60% AMI 66 3-BR at 60% AMI 9 4-BR at 60% AMI
Funding Request		**Funding Use**	
AWHTC (12 units)	$1,010,283	Acquisition	$3,839,959
4% LIHTC:	$20,569,629	Construction	$40,165,490
Conduit Bonds:	*up to* $40,950,000	Development	$18,117,063
		Total:	$62,122,512

PROJECT DETAILS	
Project Description:	Maple Apartments is a new construction multi-building project with 171 units to be located in Oregon City. All units are a mix of 1, 2, 3, and 4 bedrooms with 75% being two-bedrooms and larger, in eight three story walk-up buildings. The project is intended to provide housing and wrap around services for Oregon City's homeless and at-risk residents. Forty-two percent of Maple's units are set aside for individuals and families making 30% or below the area median income. Additionally, 12 units are set aside for agricultural workers and their families through an award of Agriculture Workforce Housing Tax Credits. A partnership with Northwest Housing Alternatives (NHA) sets aside 9 units for individuals and families transitioning out of homelessness and include support services through NHA and Hacienda's Youth and Family Services division. The site design will support a series of amenities within a park-like setting and the preservation of several clusters of existing mature trees. Site amenities include community garden space, walking paths, children's play areas, outdoor picnic areas and a community building.

Partnerships to Serve Communities of Color:	Community Development Partners (CDP) is partnered with Hacienda CDC. Given the population demographics, Hacienda anticipates serving primarily low income white and Latino families as well as Asian, Black, and folks who identify as having multiple races/ethnicities. Many of the Latino communities they anticipate serving will be immigrants challenged by language and cultural obstacles, which they are uniquely positioned to serve. Hacienda will concentrate its programmatic outreach to ensure Asian, Black/African American and our Indigenous people are welcomed.
Reaching Underserved Communities:	CDP will reach out to nonprofit, civic and local agencies to create an informed network and once in construction, Hacienda will assist with promoting the housing and our culturally enriched services in Clackamas County. Hacienda will work closely with Guardian's property management staff as they begin to accept applications for Maple well in advance of the project's anticipated construction completion. Hacienda's Resident Advocate will be available to prepare each client for occupancy and arrange for any services the resident will need. Hacienda will also administer an affirmative outreach and marketing strategy for 12 units for farm laborers and their families. They have experience administering similar strategies at other Hacienda properties
MWESB Target:	Maple is committed to achieving the goal of 30% MWESB participation for construction. For professional services, the architect is Salazar Architect, and will be able to achieve over 72% MWESB participation with the Architect and Engineering team.
Alignment with Statewide Housing Plan:	• Equity and Racial Justice • Affordable Rental Housing • Homeless
Upon Housing Stability Council approval of the established conduit bond funding limit, ultimate approval will be based on conformance with OHCS underwriting standards and due diligence and is delegated to OHCS Finance Committee and the Deputy Director.	

Rendering: Communities Buildings

OREGON HOUSING and COMMUNITY SERVICES
725 SUMMER STREET NE, SUITE B | SALEM, OR 97301
503-986-2000 | www.oregon.gov/OHCS

SUMMARY			
Project Name:	Stillwater Crossing Apartments		
City:	Bend	County:	Deschutes
Sponsor Name:	Wishcamper Development Partners		
Urban/Rural:	Urban	Total Units:	240
# Rent Assisted Units:	None	Units by Size & Affordability:	42 1-BR at 60% AMI 170 2-BR at 60% AMI 28 3-BR at 60% AMI
Funding Request		**Funding Use**	
		Acquisition	$3,447,056
4% LIHTC:		Construction	$38,146,498
Conduit Bonds:	*up to* $3,900,000	Development	$15,419,247
		Total:	$57,012,801

PROJECT DETAILS	
Project Description:	Stillwater Crossing Apartments is a new construction project located in Southwest Bend. The site consists of three parcels, totaling 8.57 acres. There will be nine buildings, which includes seven residential buildings, one community building, and one dog/bike building. This project will provide 240 units, including 42 one-bedrooms, 170 two-bedrooms, and 28 three-bedroom units.
Background:	This non-competitive project was awarded 4 percent LIHTC credits in July 2020, and tax exempt bonds at the August 2020 Housing Stability Council meeting. Financial closing occurred on September 24, 2020. Due to the increased costs associated with the lumber industry, costs for construction have significantly increased causing a gap in financing. The lumber industry price increase was primarily caused by product demand and shortage of workers to produce lumber products during the pandemic. Estimated construction costs increased by $ 4,051,795 or 12 percent. The sponsor elected to float the LIHTC rate instead of locking at closing with the September 2020 rate of 3.07 percent, which was a historical low. Federal legislation signed into law on December 27, 2020, to introduce a fixed floor rate of

	4 percent for the LIHTC program for projects starting in 2021. However, in order for this affordable rental housing project to be eligible, a new tax exempt bond issuance needs to occur in 2021 or later. Since this project started construction in September 2020, this project has been presented to Finance Committee on August 31, 2021, and Housing Stability Council on November 5, 2021, for additional tax exempt bonds of $3,000,000. The intent was to have this second bond issuance of tax exempt bonds in 2021 to allow this project to be eligible to use the newly adopted 4 percent floor applicable rate. However, the day before closing IRS published new guidance for safe harbor requirements for projects in this exact position. In order to be eligible for the new 4 percent rate, new tax exempt bonds must be issued in 2021 or later of at least 10% of the aggregate tax exempt bonds. For this project, that means the minimum bond amount needs to be approximately $3,900,000. Therefore, this project needs to go back to Finance Committee and Housing Stability Council to approve the higher bond amount. In addition, the Investor requested to increase the LIHTC reservation for the additional eligible basis as well. Per Boston Financial (Investor), and Citi Community Capital (Lender), the conduit bond request today of $3,900,000 will help fund short term financing as well as help fund the financial gap by allowing this project to use the higher 4 percent LIHTC rate, adding approximately $5.5 million in LIHTC Equity. The Investor is willing to provide the additional tax credit equity and hold pricing. The Lender has also agreed to purchase the additional bonds. The permanent loan will be increased to fund the remaining funding gap due to the increase in Deschutes County rent limits from 2020 to 2021 of approximately 5 percent. This is a unique scenario where the additional conduit bonds can significantly help fund the project both directly and indirectly. The effects of the pandemic weren't expected to be this excessive, and with the new fixed 4% LIHTC rate, this request will allow this to project to continue construction and provide much needed affordable rental housing in Bend.
Alignment with Statewide Housing Plan:	• Affordable Rental Housing

Rendering:

OREGON HOUSING and COMMUNITY SERVICES
725 SUMMER STREET NE, SUITE B | SALEM, OR 97301
503-986-2000 | www.oregon.gov/OHCS

Date: January 7, 2022

To: Housing Stability Council
Margaret Solle Salazar, Executive Director

From: Angela Parada, Sr. Tax Credit Programs Manager
Roberto Franco, Assistant Director of ARH Development Resources and Production
Natasha Detweiler-Daby, Interim Director of Affordable Rental Housing

RE: Qualified Allocation Plan (QAP)

Motion: Housing Stability Council to approve the draft 2022 Qualified Allocation Plan, as presented [or with noted revisions] for authorization by Governor Brown.

Overview

This memo serves as a follow up to the QAP update that was introduced to Housing Stability Council at the November meeting. On November 18th, we posted the full draft version of the QAP and the changes tracker to our website. Formal public comment period was from November 19 – December 19, we accepted comments through December 20. There were announcements placed in four different print publications throughout the state, a technical advisory, and extend much appreciation to those partners who announced the QAP public comment period on their websites.

Within the thirty days period, we received eight letters from various stakeholders. Below you will find a summary of the submitted public comments. In response to some comments, though non-substantive, minor updates and clarifications were incorporated into this final draft of the 2022 QAP. Complete detail on submitted comments and OHCS responses to each of the comments is provided in the packet at the end of the draft 2022 QAP.

Frequent Topics of Public Comment

- 4% LIHTC Updates
  - Impacts of prioritization
    - Necessity to balance the various path to funding with the 4% program, as our prioritization may incentivize project teams to utilize resources unnecessarily.
    - Questions as to the consequences of these prioritizations on rural communities that may not be able to leverage local dollars like those in Portland/Metro.
  - Vagueness of the language
    - Request to detail the nuances of our two-step application process given the new "competitive" nature of our 4% tax credits.
  - Importance of coordinating with other local funders

        - Any alternations to our processes with impact other local funders also supporting projects in their jurisdictions. It is vital that we work in conjunction to align our processes.
    - Opportunity to extend the affordability period on 4% deals since we are altering the nature of the allocation.
- Underwriting Criteria
    - Developer fees
        - Recommendations for clarity to the policy for more uniform applicability between projects and production analysts.
        - Recommendation to consider altering the limits of the 4% developer fee given the current strain on our Private Activity Bond resources.
    - Market Factor Considerations
        - Comment to consider the increase to allowable construction contingency, as well as cost escalators.
- Scoring Criteria
    - Location
        - Concerns about the new environmental justice data scoring
            - Thoughts that the additional burden of data will be set upon developers.
            - Concern about the potential unintended consequences of these metrics on already disinvested communities.
        - Seeking justifications about reframing of gentrification scoring
            - Recommendation to remove the gentrification scoring from the QAP
            - Desire to see a more relaxed approach to location scoring, as need is "everywhere."
    - Average Median Incomes
        - Desire to see points given to projects that meet a threshold of 30% units instead of an aggregate AMI at the project that skews lower.
    - Cost/LIHTC Effectiveness
        - Recommendation to have funding sources as an additional factor in separating out "like" buildings being compared for these points.
        - Reintroduced idea that was presented at our QAP stakeholder engagement to have a performance metric replace this scoring criterion.
- MWESB Feedback
    - Process feedback: reporting and request for specifics to be built into the QAP.
- Preservation
    - Recommendation to see the monitoring of LIHTC projects extend into the three-year safe harbor period.
    - Nuances recommended for our rural development prioritization under the preservation 9% set-aside.

State of Oregon

Qualified Allocation Plan

For Low Income Housing Tax Credits

REVISED
January 7, 2022

OREGON HOUSING and COMMUNITY SERVICES

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

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

____ ____________________

The Honorable Kate Brown, Governor of Oregon Date

EQUAL HOUSING OPPORTUNITY

Table of Contents

Introduction

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

The LIHTC Program (or Program) is jointly administered by the United States Treasury Department Internal Revenue Service (IRS) and authorized state tax credit allocation agencies. Under Executive Order EO-87-06, the Governor of Oregon designated Housing and Community Services Department (OHCS) as the administrator of the LIHTC Program.

OHCS administers the LIHTC Program in accordance with Oregon Administrative Rule (OAR) Chapter 813, Division 90. This Qualified Allocation Plan (QAP or Plan) is intended to comply with the requirements of Section 42(m)(1)(B) of the Code, which requires that a Qualified Allocation Plan set forth:

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

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

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

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

If any provision of this Plan (and documents included herein by reference) is inconsistent with the provisions of amended IRC Section 42, including any future amendments thereto, or any existing or new State Administrative Rules governing the LIHTC Program, the provisions of IRC Section 42 and/or the State Administrative Rules take precedence and the plan will be amended accordingly.

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

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

Credit Overview

4% Low Income Housing Tax Credits

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

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

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

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

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

9% Low Income Housing Tax Credits

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

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

Set-Asides

% of 9 LIHTC	**Set-Aside Category**
10% requirement; across all set-aside categories	**Qualified Non-Profit** A qualified nonprofit (QNP) organization is an organization described in Section 501(c)(3) or Section 501(c)(4) of the Code and has as one (1) of its exempt purposes the "fostering of low-income housing."
10% set-aside; across all categories	**Qualified Culturally Specific Organizations/Developers** Defined as being a project sponsored or co-sponsored by and of financial benefit to an organization with the following characteristics: A) majority of members and/or clients are from a particular community of color; B) organizational environment is culturally focused and the community being served recognizes it as culturally-specific entitiy; C) the majority of staff are from the community being served, and/or the majority of the leadership are from the community being served; D) the entity has a track record of successful community engagement and involvement with the community being served; E) the community being served recognizes the entity as advancing the best interests of the community and engaging in policy advocacy on behalf of the community being served. Set-aside interpreted in accordance with 13 CFR § 142.103.
25% Set-Aside	**Preservation Projects Set-Aside** Defined as Projects with at least twenty-five percent (25%) of the residential units have federal Project-based rent subsidies AND the HUD Section 8 contract is expiring or the USDA Rural Development (RD) loan is maturing within 7 years, or RD restrictive use covenants

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

Determination of Credit Amount

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

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

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

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

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

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

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

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

Applying for Credits

Project Charges

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

4% LIHTCs/Conduit Bond Application Timing/ Process

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

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

b. Set an Intent Resolution (if using OHCS bonds)
c. Determine a specified due diligence need lists to submit along with required materials for the part two application
d. Set a due date for the part two submission application materials

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

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

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

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

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

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

a. Determines eligibility for 9% LIHTC basis boost, and
b. Provides Applicants early insight on some portion of established competitive scoring criteria.

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

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

~~i. NOFA Cover sheet submitted by due date and time~~
ii. Application and Charge Transmittal form and payment of application charges.
iii. Owner/Board of Director’s Authorization and Acceptance form;

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

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

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

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

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

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

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

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

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

Returned and Unused LIHTC Allocation Authority

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

a. Fund the next highest ranking Application from the current funding cycle that matches, or is closest to, the amount of LIHTCs and other OHCS funding sources available. The Applicant will be given thirty (30) days to reevaluate the financial feasibility and determine whether or not the proposed Project can move forward. Once OHCS has published the Application Rankings, they will be used to allocate LIHTCs during the annual funding cycle until October 1. At that time, funding order will be relinquished until re-established in a subsequent NOFA. Any returned credits after Sept. 30 of any year will be treated as if received in the following year, and will be allocated as part of that future allocation year.

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

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

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

(ii) **Re-evaluation of Reservation**: The following events will result in a re-evaluation of a previously issued Reservation:

a. Failure to close within two hundred forty (240 days of the Reservation ("Reservation Period").

b. A material change so that the Project or Applicant no longer meets the Minimum Qualification Threshold or any of the competitively scored criteria.

c. The proposed Project will not be placed in service by the date mutually agreed upon.

d. Other material causes at OHCS's reasonable discretion.

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

a. Revoke the Reservation.

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

c. Take no action.

Minimum Thresholds for Application– 4% and 9% LIHTC

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

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

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

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

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

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

Project.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

iv. Has been debarred or otherwise sanctioned by OHCS

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

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

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

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

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

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

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

OHCS will accept and process Final Application documents and issue IRS Form 8609(s) throughout the year. Commercial costs should be separated from the Cost certification in an individual column or deducted from the total Residential costs. In either circumstance, the uses pages should identify both components of cost separately. However, a Project Owner must submit a complete application with all Placed-In-Service documentation, including the independent Certified Public Accountants Report (Cost Certification) and the certificates of occupancy for each building in the Project at least sixty (60 days prior to when the Owner expects to receive the IRS Form 8609(s).

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

(x) **Project Changes**: An Applicant must notify OHCS in writing of, and obtain its written consent to, any material changes in a Project. An Applicant must notify OHCS when a material change is first identified. OHCS will endeavor to respond within thirty (30) days after notice of a material change with respect to its requested consent. OHCS may give or withhold its consent, or condition same, subject to its reasonable discretion. A "material change" includes, but is not limited to, a change in:

- The number of buildings or units.
- The Project contact person.
- The Identity of Interest disclosure.
- The Development Team.
- The Project's Total Project Costs.
- A financing source (whether debt or equity).
- Operating revenue or expenses for the Project of more than ten percent (10%).
- Anything that would result in a change in the standards OHCS uses to competitively rank Projects.

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

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

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

(xii) **Project Transfer or Assignment Requiring OHCS Consent**: A Project transfer or assignment requiring OHCS consent includes any direct or indirect sale, contribution, assignment, lease, exchange, or transfer, or other change in:

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

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

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

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

After receiving the written request, the Applicant will be advised of OHCS's requirements and conditions that must be satisfied to obtain consent, including payment of document preparation charges and applicable legal fees. If the Applicant made a commitment to participate under the set-aside category for Qualified Non-Profit, any transfer or assignment must be such that the Project continues to qualify for applicable set-aside.

(xiv) **Construction Closing**: For 9% LIHTC transactions, the Applicant must give OHCS at least thirty (30) days' written notice of the scheduled

Construction Closing. At least ten (10) days prior to the Construction Closing, but after the general contractor bids have been received, the Applicant must submit to OHCS the Project's final development budget, final sources of funds, and documentation to substantiate the final budget.

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

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

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

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

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

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

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

9% LIHTC – Criteria Elements

General Criteria

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

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

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

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

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

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

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

(v) **Resident Services**: The Applicant is required to provide a Resident Services Description at the time of Application in accordance with the goals and guidelines in the OHCS LIHTC Compliance Manual: https://www.oregon.gov/ohcs/Pages/compliance-monitoring-manual-lihtc.aspx.

Readiness to Proceed

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

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

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

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

(iv) **Development Schedule**: Within the development schedule provided, the Applicant must be able to meet the required deadlines for applicable LIHTC, HOME, Gap, and OAHTC. The Applicant's development schedule must clearly demonstrate that funds will be invested and the Project will be constructed, leased and stabilized within all required Program time frames. These deadlines are published in the appropriate OHCS Program manuals.

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

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

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

9% LIHTC – Scoring Selection Criteria

This section applies to 9% LIHTC competitive applications only.

New Construction and Acquisition / Rehabilitation Scoring:

	Scoring topic	Scoring Criteria: New Construction / Acq/Rehab
State Priority	Either Permanent Supportive Housing (PSH)	Up to 2 points for including PSH units in the Project (minimum 5 units, incentive up to 25% of total affordable units)
		1 point for having participated in OHCS provided PSH training and technical assistance
		1 point for commitment of supportive tenancy service resources.
		1 point for demonstrated experience in owning PSH affordable housing; managing PSH affordable housing; providing services in PSH affordable housing
	PSH total	**5 points**
	OR Family Sized Units	up to 3 points for the inclusion of units with 3 or more bedrooms (minimum 5 units, incentive up to 15% of total affordable units)
		up to 2 points for the inclusion of units with 2 or more bedrooms (minimum 12 units, incentive up to 45% of total affordable units)
	Family Sized Units	**5 points**
	Special Needs Target Populations	up to 4 points for including targeting of special needs populations (broadly defined) in 10 -25% or more of the total affordable units
	Special Needs Target Populations	**4 points**
	Federally Declared Disaster Areas	In consultation with the Oregon Housing Stability Council, up to 5 points may be allocated to projects located in Federally Declared Disaster Areas that have had a wide-ranging impact on housing supply.
	Federal Disaster Areas	**5 points**
State Priority Total		**19 points**

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

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

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

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

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

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

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

	Development History	negative 5 points: Prior poor development performance; negative points to development teams that have had documented material changes from Project application that received a funding reservation to placed in service.
Development Team Capacity Total		**12 points**
Total Points Available	**103 points**	

Preservation Scoring:

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

	Federally Declared Disaster Areas	In consultation with the Oregon Housing Stability Council, up to 5 points may be allocated to projects located in Federally Declared Disaster Areas that have had a wide-ranging impact on housing supply.
Location Need Severity		**8 points**
	Resident Services	up to 1 point in Urban Areas and 2 points in Rural Areas: Comprehensive Resident Services Plan submitted; scaled needs to the target population
		1 point: Includes resident surveys for ongoing monitoring of needs
		1 point: Includes funded resident service staff or resources for referral agency
		1 point: Includes performance tracking and reporting of data
		up to 3 points in Urban Areas and 2 points in Rural Areas: Service provider is culturally responsive
Partnerships		**7 points**
	Serving Lowest Income	Up to 5 points for Average Gross Median Income of tenants; scaled scoring
	General: Tenant Ownership	1 point: Intended for **eventual tenant ownership.**
	General: Energy Efficiency	1 point: Projects that demonstrate comprehensive deployment of **energy efficiency** beyond the element required by the Core Development Manual (CDM).
	General: Historic Investments	1 point: Application for Projects that demonstrates evidence of **historic value for the community**, including Projects using the federal Historic Tax Credit (HTC) as part of the Project financing, and are; Listed, or have been determined eligible for listing, in the National Register of Historic Places administered by the U.S. Department of the Interior in accordance with the National Historic Preservation Act of 1996; or Located in a registered historic district and certified by the Secretary of the U.S. Department of the Interior as being of historic significance to that district.

	General: Marketing to Public Housing	1 point: Projects with supporting documentation from a local Housing Authority that establish a **commitment to market the unit to their wait list** is in place at the time of the application due date.
Federal Preferences		**9 points**
	Federal Subsidy Leverage	Up to 2 points: Committed leverage of HOME and/or CDBG Funds; in Balance of State Projects with the acceptance of HOME as gap funding source is included in application for funds; this also includes those Projects in Participating Jurisdictions that also award Tax Increment Financing (or another OHCS approved place-based economic development funds) that are awarded by Participating Jurisdictions in lieu of HOME for gap funding sources.
	Federal Subsidy Leverage	Up to 2 points: Use of National Housing Trust Funds to fund 30% AMI; or the addition of new federal rent assisted units
	Cost Effectiveness	Up to 1 point: Total Development Cost, excluding acquisition costs, per bedroom that are in the lowest half of the applicants in the set-aside or regional pool. Projects competing in the same allocation round region will be grouped together based on building type to determine the average per bedroom total cost per unit basis and tax credit per bedroom (only counting bedrooms in Program assisted units according to following).
	LIHTC Effectiveness	Up to 3 points: Total LIHTC requested per bedroom. Projects competing in the same allocation region or set-aside and building type will be grouped together to determine the average per bedroom total cost per unit basis and tax credit per bedroom (only counting bedrooms in Program assisted units); points will be attributed based on relative LIHTC subsidy per bedroom.
Funding Efficiency Total		**8 points**

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

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

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

LIHTC Requirements and Processes

LIHTC Reservation

(i) **Requirements for Reservation**: Those Projects selected by OHCS as a Recipient of LIHTCs will be issued a LIHTC Reservation, Carryover Allocation, and Form 8609 only if they meet the requirements set out in OHCS's documentation. OHCS may disqualify the Project/Application and cancel the LIHTC Reservation and Carryover Allocation for any Project if these requirements are not met by the deadlines set by OHCS.

(ii) **Reservation Period**: If the Applicant does not satisfactorily complete the conditions of the LIHTC Reservation Letter and/or the Carryover Allocation Agreement the Project may have the LIHTC Reservation rescinded. OHCS may reallocate 9% LIHTCs. OHCS will require each Applicant that has received a LIHTC Reservation to demonstrate the Project is making satisfactory progress towards completion through regular progress reports.

(iii) **No Representation or Warranty**: Issuance of an OHCS funding resource Reservation shall not constitute or be construed as a representation or warranty as to the feasibility or viability of the Project, or the Project's ongoing capacity for success, or any conclusions with respect to any matter of federal or state law. All OHCS resources are subject to various state and federal regulations governing the specific Program from which they are obtained, and Applicants are responsible for the determination of their Project's eligibility and compliance consistent with all Project Requirements.

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

Carryover Allocation Requirements

a. **9% LIHTC Carryover Allocation Agreement**: 9% LIHTC Applicants, on or before November 1st of the LIHTC Allocation Authority Year, must submit either an Application for LIHTC Carryover Allocation (if the Project is still in the construction phase), or a Final Application indicating the Project is placed-in-service. All LIHTC Carryover Allocations will be made on a per Project basis. The LIHTC amount that qualifies for a Reservation to any Project is the lump sum amount of that available to each qualified building in the Project. The actual amount of LIHTCs available for any specific building will be apportioned from the lump sum Carryover Allocation of Credit and determined when that building satisfies the placed-in-service Allocation requirements.

b. **Ten Percent (10%) Carryover Test for 9% LIHTC Projects**: Within twelve (12) months of the date of the Carryover Allocation Agreement the 9% LIHTC Applicant must demonstrate to the satisfaction of OHCS that it has incurred more than ten percent (10%) of the reasonably expected basis of the Project by certifying to OHCS that it has fulfilled this requirement and by submitting a CPA's certification.

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

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

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

(i) **Request Process**: Once an Applicant has received a Reservation of LIHTCs, the Applicant has the responsibility to complete the Project by the timelines identified in the IRC Section 42 and as outlined in the QAP. OHCS reserves the authority to exchange an Allocation of Credits from one (1) year for the exact same amount of Credits in a subsequent credit year. Applicants must determine good cause to return their Reservation to OHCS, and as such the Applicant has a one (1) time option to return its Allocation to OHCS, as follows:

No later than March 31 of the year following the Reservation of LIHTCs, an Applicant may request to return its allocation for the exact same Project for which the credit was originally allocated at Carryover and exchange it for an award of the same amount of credits from the next credit year as the amount returned. For example, a 2020 awarded Project that receives a forward reservation of 2021 tax credits of the exact same amount can transfer if requested by March 31, 2020, to get an allocation of 2021 credits. This is necessary if the Project will not be placed in service by Dec. 31, 2020 and needs to wait to place in service until the end of 2021.

After LIHTCs have been returned, an Applicant may apply for additional LIHTCs. Projects must comply with the requirements applicable in the initial year of award and all representations made in the initial application (unless specifically and explicitly waived by OHCS); OHCS must have a Project to which it can award current-year LIHTCs.

Considerations

Reservation of Rights

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

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

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

Documentation of Discretion

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

Policy on Exceptions/Waiver Requests

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

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

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

Partial Invalidity

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

Disclaimer

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

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

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

Violations

OHCS may exercise any of the Remedies described below if:

- The Applicant fails to comply with any Program Requirement including, but not limited to, the timely payment of charges and fees and the execution and recording of documents satisfactory to OHCS;
- OHCS determines the Applicant or other Program participant made a material misrepresentation, directly or by omission;
- OHCS determines the Applicant or other Program participant is debarred from accessing Program resources or otherwise is not a qualifying Applicant; or
- The Applicant, Owner, or other Program participant otherwise defaults with respect to any Program Requirement or obligation to OHCS.

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

Remedies

In the event of any failure to adhere to the terms of this Plan, including as described above in the Violation section, OHCS may elect to pursue any and all remedies available to it under the Program Requirements, including executed documents, or otherwise available to it at law. These remedies include, but are not limited to:

- (i) Cancellation of an Application.
- (ii) Revocation or modification of an Allocation Credit or other award of OHCS resources.
- (iii) Debarment of person or entity from accessing OHCS Programs.
- (iv) Recoupment of allocated or disbursed resources.
- (v) Specific enforcement.
- (vi) Actions for general, specific, or punitive damages.
- (vii) Appointment of a Project receiver.
- (viii) Foreclosure of secured interests or otherwise.

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

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

Effective Date

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

Appendix

Appendix: Underwriting Criteria

Appendix 1 – Underwriting Standards

Program Limits:

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

i. Maximum Construction Contingencies included in LIHTC Determination:

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

ii. Maximum Developer Fees

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

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

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

For this purpose, Developer Fees shall be deemed to include all consultant fees (other than arm's length architectural, engineering, appraisal, market study and syndication costs), and all other fees paid in connection with the Project for services that would ordinarily be performed by a developer, as determined by OHCS.

The Developer Fee as represented by a percentage total and figure will be set at the time of the construction/equity closing based on the Project's final budget after construction bids have been accepted and final sources and uses have been balanced. If the developer fee will =exceed the amount in the application it must be due to justifiable increases in the scope of work and the developer fee must still be within OHCS's approved applicable maximum for the project. The fee presented in the Placed in Service documentation may not exceed the total percentage (deferred and cash) allowable per code. .

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

iii. Operating Expenses

Operating expenses will be reviewed for reasonableness within the budgets submitted; Applicant may be required to submit documentation (including for example three years of audited financials for rehabilitation Projects) to substantiate that any or all of the Projects revenue or costs are reasonable. OHCS will review against its portfolio and take into consideration input from lenders and investors.

iv. Maximum Contractor's Profit and Overhead

When the general contractor is a Principal, Related Party or otherwise has an Identity of Interest with the Applicant or Project Owner, OHCS will limit the general contractor's combined profit, general conditions and overhead to an amount up to ten percent (10%) of total rehabilitation/construction costs plus site work costs. All others will be limited to a combined profit, overhead and general conditions amount of up to fourteen percent (14%) of construction costs plus site work.

Inappropriate Use of Resources

(i) Debt Reduction

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

(ii) Reimbursement for Prior Construction

Program resources may not be used to reimburse construction or rehabilitation work started or completed within six (6) months before a 9% Application or approved intent resolution for 4% LIHTC.

Financial Feasibility

i. Sources and Uses Statement:

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

Acquisition cost must be supported by an appraisal	
Construction Inflation Factor/Cost Escalator (applies to separate line item above and beyond construction bid)	3 % of total construction cost
Contractor Profit, General Conditions and Overhead – non Identity of Interest (does not include insurance)	14% of total construction cost or less
Contractor Profit, General Conditions and Overhead – Identity of Interest (does not include insurance)	10% of total construction cost or less
Soft Costs	30% of Total Project Cost or less
Operating Reserve	Generally six (6) month of operating expenses or lender / investor conditions
Lease Up Reserve	Submit cash flow analysis utilized to determine the amount
Reserve for Replacement (Capitalized)	Submit evidence of the partner lenders and/or investors to document their requirement Minimum guideline of $350 per unit per year, $300 for Senior Projects

ii. Operating Pro Forma:

The Applicant must submit with its Application an operating pro forma for the Project satisfactory to OHCS demonstrating financial feasibility and viability of the Project for a typical twenty (20)-year permanent loan period. Different Programs may have different compliance periods and OHCS may require that the operating pro forma address relevant compliance periods. In addition, the Applicant must demonstrate that the Project will continue to be economically feasible and have adequate replacement reserves for an extended use period of an additional fifteen (15) years after the initial compliance periods. The operating pro forma must list each of the compliance periods and extended use periods separately and include assumptions, notes and explanations regarding the respective income and expense Projections.

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

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

a. A breakdown of the total residential and commercial Project costs,
b. A list of the financing sources for the commercial areas,
c. Ownership entity and management agent of the commercial areas; and
d. A twenty (20)year operating pro forma for both the residential and commercial areas.
e. Such other information as OHCS may require.

The pro forma must contain the following data:

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

The pro forma also must address the following industry benchmarks:

a. A vacancy rate of not less than seven percent (7%), if a different rate is used, explanation must be provided in the Financial Description section of the application.

b. An expense ratio and expenses per units properly scaled to the size and scope of the improvements, the cost of local utilities and taxes and the makeup of tenant population served.
c. Replacement reserves properly scaled to the size and scope of the improvements and the age and condition of the property. Minimum guideline of $350 per unit per year, $300 for Senior Projects; amounts in excess will be allowed if reasonably justified by Capital Needs Assessment and / or lenders conditions.
d. Operating Reserves are generally six (6) months of operating expenses or lender / investor conditions.

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

iii. Minimum Debt Coverage Ratio

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

iv. Debt Underwriting:

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

Development Team Capacity

i. Previous Experience

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

a. Successfully completed a multi-family housing Project of a comparable number of housing units, of similar complexity, and for a similar target population as the proposed Project.
b. The necessary level of staffing and financial capacity to successfully manage development and operations of its current Project portfolio including, but not limited to, all current and pending Projects and Applications.
c. Successfully completed previous Projects for which a similar Program allocation was received in Oregon or other states with no extensions or minimal carryovers.

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

Property Management Capacity

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

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

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

Financial Capacity:

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

OHCS Sole Discretion

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

Project/Request Denial

OHCS may reject an Application where the Applicant, Owner, Principal, or other Participant with respect to the proposed Project, previously has:

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

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

Financial Solvency

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

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

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

Take such other action as it deems appropriate.

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

Appendix 2 – Public Comment

QAP Public Comment		
From	**Organization**	**Date**
Tracy Manning	Housing Development Center	12/20/2021
Jill Chen	Portland Housing Bureau	12/18/2021
Rob Prash	Network for Oregon Affordable Housing	12/17/2021
Fletcher Ray	Wishcamper Development	12/17/2021
Michael Luzier	Home Innovation Research Labs	12/16/2021
Jonathan Trutt	Home Forward	12/14/2021
Nick Sauvie	Rose CDC	12/7/2021
David Brandt	Housing Works	12/3/2021

Housing Development Center

524 E Burnside Street, Ste 210
Portland, OR 97214
503-335-3668
HDC-NW.ORG

Thank you for the opportunity to comment on the Draft 2022 QAP. Housing Development Center is providing comment on two items.

QAP Draft Page 9 (10) – 4% LIHTC commitments

Proposed Language – "The 4% LIHTC commitments will be ...following prioritization schedule outlined by the department.

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

Comments – HDC is supportive of the Statewide Housing Plan, and particularly the efforts being made toward equity and PSH. There are projects that have strong equity and/or PSH components that, due to equity from local funding, do not require competitive NOFA resources. For instance, HDC's project with Bienestar, Nueva Esparanza, will have a strong equity component due to Bienestar's outstanding community engagement efforts. Fortunately, due to local funding commitments, the only competitive State resource it requires is 4%/Bond. However in future rounds, it appears that this project could be ranked #3 and not be realized based on the 2022 QAP as currently drafted.

QAP Draft – Maximum Developer Fees

This item was not proposed by staff as a change. However, based on a recent meeting with Tai Dunson-Strane and several members of his team, we understand there is inconsistent understanding and application of the maximum fee policy. The policy could be made more clear to alleviate this issue by making the following changes. Note that these changes remain consistent with the cash developer fee requirements in existence or currently being adopted by some local jurisdictions (City of Portland, Metro Bond jurisdictions).

Current Language, Page 56-57 "The Developer Fee will be set at the time of the construction/equity closing based on the Project's final budget after construction bids have been accepted and final sources and uses have been balanced, but will not exceed the amount in the application without approval which will be at the sole discretion of

OHCS and will not be unreasonably withheld for justifiable increases in the scope of work, as long as the developer fee does not exceed OHCS's approved maximum developer fee. The fee presented in the Placed in Service documentation may not exceed the amount finalized at closing."

Proposed Language, "The *percentage of total* Developer Fee will be set at the time of *final application as allowable per the Code.*** ~~the construction/equity closing~~ based on the Project's final budget after ~~construction bids have been accepted and~~ final sources and uses have been balanced, but will not exceed ~~the amount in the application without approval which will be at the sole discretion of OHCS and will not be unreasonably withheld for justifiable increases in the scope of work, as long as the developer fee does not exceed~~ OHCS's approved maximum developer fee. The fee presented in the Placed in Service documentation may not exceed the ~~amount~~ *total percentage (deferred and cash)* ~~finalized at closing~~ as allowable per code."

****This language mirrors the language on QAP page 13** *"If there is a material increase in LIHTC pricing subsequent to a reservation Tax Credits...(iii) A portion of the increase may be used for necessary justifiable cost increases or to reduce deferred developer fee, as allowable per the Code."*

Thank you again for the opportunity to maintain an open dialogue. If you have any questions at all, or want to follow-up, please don't hesitate to reach out. I'm at 503-380-4300, Traci@HDC-NW.org.

Very best,

Traci Manning
Executive Director

Portland Housing Bureau Comments on 2022 QAP

Issue	Page, Line	Comments & Feedback
Prioritization #1 of 4% LIHTC	p9, L13	Prioritization pairing 4% LIHTC with competitive NOFAS. If OHCS is referring to NOFAs under the Dept. only, it seems the most expeditious route to obtain 4% LIHTC is to apply for OHCS funding for the lowest funding possible even if funds are necessarily needed and check as many "boxes" under the QAP scoring ("game" the system). How will OHCS balance this process?
Prioritization #2 of 4% LIHTC	p9, L15	Rental Assistance Demonstration, HUD Section 18, and significant funding commitment from local jurisdictions are grouped together as Priority #2. How will OHCS distinguish between projects with these priorities given there is insufficient 4% LIHTC/PABs to address all projects that are already under this category? In addition, some forms of local funding, such as the Portland/Metro Bond funds, must be committed within a certain time. Will these funding sources be prioritized based on when these funds must be committed? Will those projects awarded significant local funding be required to go through a separate OHCS NOFA, in order to obtain 4% LIHTC/PABs? How will OHCS prioritize the numerous local funding awards with limited available 4% LIHTC/PABs?
Affordability Period	p7, L19 & p18, L1	Since 4% LIHTC/PAB is competitive, then increases in the affordability period should be reflected in the point system/scoring criteria so LIHTC's value is reflective in years of affordability where there currently is none and 4% LIHTC requires only 30 years affordability. Additional points could be granted on the selection criteria on a graduated basis (i.e. to 60 years are given 2-5 points and to 99 years are given additional 2-5 points).
Serving the lowest income residents	p7, L18 p34	Under Servicing Lowest Income – AGMI, points are given for serving the lowest AMI, but there is no consideration in the 9% LIHTC scoring if the project is serving these residents on an unsubsidized basis (i.e. no rental support). There could be a clear graduated scale based on % of units serving very low income 30% AMI residents without vouchers to increase the total numbers of available very low-income units since vouchers is also a scarce resource in many jurisdictions.
4% LIHTC Application & Timing	p13-14	Please explain the two-part process for accepting 4% LIHTC applications. Since 4% LIHTC is competitive, it will be hard of developers/local jurisdictions to move forward with predevelopment loans without knowing if a 4% LIHTC is secured and the approximate date for financial close (so project costs can be estimated).

		The requirement to close on the construction financing within 180 days of LIHTC application acceptance letter issuance date may not be possible given predevelopment usually takes longer than 180 days.
4% Tax Credits any set asides?	p10-11	As 4% LIHTC is competitive, will the 4% LIHTC be set aside in similar fashion as 9% LIHTC? Current 9% set aside for preservation at 25%, tribal at 10% and regional at 65% may not be appropriate given the demand for 4% LIHTC associated with the Metro Bond funding. Will any set asides of this resource mean Priority #2 projects will not be met?
Equity (MWESB)	p18, L34	Current QAP ask about "…identifying ways and/or targets … to contract …" but has no targets for contracting and does not reward for proven experience or outcomes. In addition, QAP info on p38 & p44 is vague on requirements.
Selection Criteria	p31 onwards	Which of the selection criteria for 9% LIHTC will apply to the 4% LIHTC? And will there be separate competitions or allocations for New Construction vs. Acquisition/Rehabs (and for Acqn/Rehab, will these be for already regulated vs. those that are converting from market to affordable)? Will there be separate allocations / evaluation to address Statewide Housing Plan, i.e. PSH, family focused, etc.? And how will OHCS evaluate those projects that are already gone through a local solicitation and are fully funded **except for** the availability of 4% LIHTC?
Underwriting Criteria – Contingencies	p55	Current maximum amount of LIHTCs reserved or allocated to a Project will be determined after limiting the rehabilitation contingency to 10% of the rehabilitation costs and the new construction contingency to 5% of the new construction costs. Given commodity hikes, shortages of labor and supplies, and increased inflation, will OHCS consider temporary increasing these to 15% and 10%.
Underwriting Criteria – Uses Sources Statement	p58	Construction Inflation Factor/Cost Escalator is 3%. Will OHCS allow an increase to 5% on a temporary basis due to same issues as above.
Underwriting Criteria – Developer Fees	p56-7	Given limitations on 4% LIHTC/PAB, will OHCS consider lowing the levels of acceptable developer fees? And given fact that Metro has published a maximum net cash developer fee, will OHCS consider capping net cash developer fees?

noah
Network for Oregon
Affordable Housing

Memorandum

December 17, 2021

To: HCS.QAP@oregon.gov

CC: Angela Parada

From: Rob Prasch, NOAH

RE: Comments on draft 2022 Qualified Allocation Plan

Please accept these comments regarding the draft 2022 Qualified Allocation Plan.

Credit Overview, Set-Asides, 25% Set-Aside, Definition beginning on pages 9 - 10

Preservation Projects Set-Aside
Defined as Projects with at least twenty-five percent (25%) of the residential units have federal Project-based rent subsidies AND the HUD Section 8 contract is expiring or the USDA Rural Development (RD) loan is maturing within 7 years, or RD restrictive use covenants have expired.

After "RD restrictive use covenants have expired", I recommend adding "and the project is eligible to prepay its RD direct mortgage". A project with an expired restrictive use covenant cannot exit the program unless it also has the right to prepay.

I also suggest Rural Development projects having a maturing mortgage within 3 years of the date of application, or where the owner has a pending mortgage prepayment request, be prioritized for funding.

Minimum Thresholds for Application – 4% and 9% LIHTC, (i) Long Term Affordability, page 18

I recommend requiring a 60-year affordability period for both 9% and 4% LIHTC awards. With private activity bonds constrained for the foreseeable future, OHCS will soon begin rationing this critical resource. The Department has already announced a pause on new PAB-4% applications until a competitive process can be designed and implemented. Given the high demand, it's time for the Department to require 60-year affordability for bonds and 4% credits as it does for 9% LIHTC awards and for most other OHCS funding sources. Afterall, the state is buying affordability with these scarce resources.

1020 SW Taylor, Suite 585 | Portland, OR 97205 | P: 503.223.3211 | F: 503.223.0663 | info@noah-housing.org
www.noah-housing.org

(vi) Asset Management Compliance and Project Monitoring, pages 19 - 20

I strongly recommend extending OHCS's monitoring, compliance and enforcement responsibilities through the end of the LIHTC project 3-year safer harbor period which begins after expiration of the LIHTC Declaration of Land Use and Restrictive Covenants (Declaration). In the absence of OHCS monitoring and enforcement, residents impacted by an owner's noncompliance with the safe-harbor period which protects them against eviction and rent increases over the allowed LIHTC rents, must seek legal counsel in order to enforce these protections.

Minimum Thresholds for Application – 4% and 9% LIHTC (xi) on page 21. I strongly support the new proposed language designed to strengthen the non-profit Right of First Refusal, including the provision allowing OHCS to debar project sponsors, investors, syndicators, or lenders having demonstrated a history of conduct detrimental to long-term compliance with extended use agreements, whether in Oregon or another state.

9% LIHTC – Scoring Selection Criteria, Preservation Scoring, Tenant Protections: page 40. It's important to note there are no Enhanced Vouchers or RD Vouchers issued on maturity of RD direct loans under the 515 or 514 programs. RD project rent restrictions and project-based Rental Assistance are terminate upon maturity of the mortgage.

The lack of any protections for residents of maturing RD properties should provide these properties the highest priority for OHCS preservation resources.

Thank you for the opportunity to review and comment on the 2021 proposed QAP.

Respectfully submitted,

Rob Prasch, Preservation Director
Network for Oregon Affordable Housing

1020 SW Taylor, Suite 585 | Portland, OR 97205 | P: 503.223.3211 | F: 503.223.0663 | info@noah-housing.org
www.noah-housing.org

PARADA Angela * HCS

From: Fletcher Ray <fray@wishcamperpartners.com>
Sent: Friday, December 17, 2021 1:52 PM
To: Hcs_QAP * HCS
Subject: 2022 proposed QAP comments - Wishcamper Development Partners

To Whom it May Concern:

Wishcamper Development Partners is currently engaged in the creation of 897-units, and the rehabilitation of 130-units, of affordable housing throughout Oregon (Tillamook, Beaverton, Roseburg, Bend, and Woodburn). Wishcamper is also currently in the early stages of four additional new construction affordable housing projects that we hope to close in 2022 or early 2023 (Sandy, Medford, Newberg, Bend).

We largely support the amendments to the 2022 QAP as drafted. Our only comment relates to the proposed change in the Right of First Refusal language beginning on Line 26 of Page 23. At the end of this section, we propose adding the following language: "The aforementioned nonprofit ROFR can be subordinate to a for-profit GP purchase option, so long as the GP agrees to extend the affordability of the project for at least an additional 15 years."

Thank you,
Fletcher Ray

Fletcher Ray
Co-Managing Member
Wishcamper Development Partners
cell: 503.819.3521
fray@wishcamperpartners.com
wishcamperpartners.com

Home Innovation RESEARCH LABS™

December 16, 2021

Oregon Housing and Community Services
Attn: Angela Parada, Senior Tax Credit Programs
725 Summer St NE, Suite B
Salem, OR 97301-1266

Submitted electronically: HCS.QAP@oregon.gov; Angela.Parada@oregon.gov

CC: Kevin Burgee, Department Architect (Kevin.Burgee@oregon.gov)

Dear Ms. Parada:

On behalf of Home Innovation Research Labs, I respectfully request that NGBS Green certification based on the **ICC-700 National Green Building Standard** (NGBS) be recognized as an approved Sustainable Building path within the Oregon Core-Development Manual (CDM) and that this change be executed prior to the 2022 QAP allocation round.

The NGBS is as rigorous-if not more rigorous-than the green building programs currently included within the CDM—Earth Advantage, Enterprise Green Communities, and LEED for Homes. The NGBS is also comprehensive, cost-effective, and well-suited for affordable housing development.

Recognition of NGBS compliance would provide consistency in the housing industry. HUD recognizes NGBS Green certification for many of their programs, including their mortgage insurance premium reduction for green certified properties. Fannie Mae and Freddie Mac also recognize NGBS Green certification for their financing incentives. Last, because so many state QAPs recognize the NGBS, recognition in the Oregon QAP provides consistency across LIHTC programs.

National Green Building Standard Overview

The NGBS was the first residential green building rating system to undergo the full consensus process and receive approval from the American National Standards Institute (ANSI). Since 2008, each version of the NGBS has been approved by the American National Standards Institute (ANSI). The 2008, 2012, and 2020 versions were developed with support from the National Association of Home Builders (NAHB) and the International Code Council (ICC). For the third edition of the standard, the 2015 version, the American Society of Heating, Refrigerating, and Air Conditioning Engineers (ASHRAE) participated as a third co-sponsor. This partnership further cements the NGBS as the preeminent green standard for residential construction.

The NGBS is also the first solely residential green building standard to be included within the ICC suite of I-codes that form a complete set of comprehensive and coordinated building codes. As the industry standard for green residential development, it is embedded within the International Green Construction Code (IgCC) as an alternative compliance path for multifamily residential buildings and the residential portion of mixed-use buildings. Finally, the NGBS is also approved as an ASHRAE standard.

As one of the I-Codes, the NGBS is written in code language to make it easy for industry professionals and contractors to understand. I believe this is one reason the NGBS has been successful even in areas where it is not part of the building code and is used as an above-code program. For a residential building to be in compliance, the building must contain all mandatory practices in the NGBS. The building must also contain enough practices from each of the six categories of green building practices to meet the required threshold points.[1] The six categories of green practices are:

- Lot & Site Development
- Resource Efficiency
- Energy Efficiency
- Water Efficiency
- Indoor Environmental Quality
- Homeowner Education

Under the NGBS, homes and multifamily buildings can attain one of four potential certification levels: Bronze, Silver, Gold, or Emerald. The NGBS was specifically designed so that no one category of green practices is weighted as more important than another. Peerless among other green rating systems, the NGBS requires that all projects must achieve a minimum point threshold in every category of green building practice to be certified. A project certified to the NGBS can't merely obtain all or most of its points in a few categories, as other rating systems allow. This requirement makes the NGBS the most rigorous green building rating systems available.

The NGBS's mandatory provisions must be met for certification at any level. There are no exemptions. However, unlike other green building rating systems, the NGBS contains an expansive array of green building practices aimed at all phases of the development process: design, construction, verification, and operation. This provides the flexibility builders and developers need to ensure their green projects reflect their geographic location, climatic region, cost constraints, and the type of project they are constructing.

[1] See page 12 in ICC 700-2020 NGBS.

Certification Program

Home Innovation Research Labs serves as Adopting Entity and provides certification services to the NGBS. Home Innovation Labs is a 57-year-old, internationally-recognized, accredited product testing and certification laboratory located in Upper Marlboro, Maryland. Our work is solely focused on the residential construction industry and our mission is to improve the affordability, performance, and durability of housing by helping overcome barriers to innovation. Our core competency is as an independent, third-party product testing and certification lab, making us uniquely suited to administer a green certification program for residential buildings. Our staff is made up of mechanical, structural, and electrical engineers; planners; economists; architects; former builders, remodelers, and contractors; lab and technicians. Combined, they possess an unparalleled depth of knowledge and experience in all facets of market analysis and building science research and testing. Why is that important? Because behind every building seeking NGBS compliance stands a team of experts on a mission to help them succeed. Participation in NGBS Green brings our building science expertise to each project team at no additional cost.

Independent, Third-Party Verification

The NGBS requires that a qualified, independent third-party inspect the project and verify that all green design or construction practices claimed by the builder toward green certification are incorporated correctly into the project. Most projects require at least two inspections. The verifier must perform a rough inspection before the drywall is installed to observe the wall cavities, and a final inspection once the project is complete. The required verification offers imbues an elevated level of rigor and quality assurance to the projects that are certified. An affordable housing organization can be assured that construction practices for higher building performance and healthier residences are successfully achieved.

Verifiers record the results of their rough and final inspections on a Verification Report, which is submitted to Home Innovation Research Labs. Home Innovation reviews every rough and final inspection to ensure national consistency and accuracy in the verification reports. After the Verification Reports are reviewed and approved, our team issues green certification to the project.
Home Innovation Research Labs qualifies, trains, tests, and accredits the NGBS Green Verifiers and maintains a current list at www.HomeInnovation.com/FindNGBSVerifier. Verifiers must possess experience in residential construction and green building. Many verifiers are Home Energy Rating System (HERS) raters. Potential verifiers are trained on how to verify every NGBS practice. After completing the training, verifiers must pass an exam and carry sufficient insurance to earn accreditation. Verifiers renew their accreditation annually and retrain and retest with every NGBS version.

Home Innovation maintains strict rules to ensure verifiers remain independent and free of conflict-of-interest on the projects for which they provide verification services. Verifiers serve as our field agents to confirm buildings are NGBS compliant. Further, we regularly audit our verifiers and their verifications as part of our internal quality assurance program.

Legislative and Regulatory Parity

The NGBS is consistently deemed as on par or more stringent than LEED and Green Communities as a green building rating system for residential projects. Below is a sampling of where the NGBS is recognized.

- On the federal level, HUD recognizes the NGBS by name specifically as on par with LEED and Green Communities.[2] In funding notices for jurisdictions affected by natural disasters, the agency cites the NGBS as an acceptable green standard for reconstruction efforts.
- HUD's April 2016 Mortgage Insurance Premium reduction program recognizes NGBS Green as one of the accepted green certification programs.
- The U.S. Department of Army recognizes NGBS as a LEED equivalent for military housing nationwide.
- Fannie Mae and Freddie Mac recognize NGBS Green for financing incentives in the same tier, or higher, than LEED.
- 29 states recognize NGBS certification through their Qualified Allocation Plan for the federal Low-Income Housing Tax Credit program.

To date, not a single jurisdiction has refused to recognize the NGBS as an alternative compliance path for any regulatory or incentive program where we have asked them to make an equivalency decision. For a more complete listing of where NGBS has been recognized, visit our summary of incentives[3].

QAP Recognition of the NGBS

The National Green Standard is currently recognized in 29 state Qualified Allocation Plans (QAPs), and an increasing number of State Housing Finance Agencies have been adding NGBS green certification to their QAPs to help promote green affordable housing. In these plans, NGBS is recognized as on-par with comparable programs, such as LEED and Enterprise Green Communities, and other regional programs, such as Earth Advantage. Multifamily builders who utilize NGBS for low-income housing tax credits typically receive the same number of points for NGBS as they would for an alternative program. The straight-forward and low-cost nature of the NGBS certification program make it ideally suited for affordable housing development, and this is evident by the number of Habitat for Humanity organizations and other LIHTC providers who select NGBS as their program of choice.

---

[2] U.S. Department of Housing and Urban Development memo from Kathryn Saylor, Assistant Inspector General for Evaluation to Clifford Taffet, General Deputy Assistant Secretary, dated November 20, 2015, citing National Green Building Standard specifically as one of the HUD adopted energy building rating systems.

[3] www.homeinnovation.com/ngbsgreenincentives

Program Statistics to Date

Home Innovation has certified 9,978 multifamily buildings, representing 332,114 dwelling units. Currently, there are 4,325 multifamily buildings in progress, representing an additional 171301 dwelling units. I believe that these statistics show that we have been successful in designing a green certification program that is affordable and flexible, while remaining rigorous.

Summary

The goal of the NGBS and the Home Innovation NGBS Green Certification Program is to recognize projects that reach exceptional levels of sustainable design. We have worked hard to develop a program that removes as many barriers as possible to high-performance green buildings without eliminating any of the rigor or verification necessary to ensure compliance. To this end, we have kept our certification fees low, minimize the time needed for interpretations and project review, and significantly reduced the costs required to incorporate green practices.

Again, we respectfully request that NGBS Green be recognized alongside Earth Advantage, Enterprise Green Communities, and LEED for Homes as an acceptable Sustainable Building path in the Oregon Core-Development Manual. Our hope is that OHCS staff will engage in a productive discussion as to why we believe the NGBS should be recognized.

We look forward to discussing it further with you or your staff if you require a more detailed overview of the NGBS or our certification program. I will also gladly send you any supplemental information that you might require. Please don't hesitate to contact Michelle Foster (mfoster@HomeInnovation.com, 301.430.6205), our Vice President, Sustainability, directly if she can be of further assistance.

I look forward to working with OHCS to promote green certified housing built to the ***National Green Building Standard***.

Best,

Michael Luzier
President and CEO

December 14, 2021

Oregon Housing and Community Services
Attn: Angela Parada
725 Summer Street NE, Suite B
Salem, OR 97301-1266

Re: Comments on 2022 Draft QAP

Dear Ms. Parada:

Thank you for the opportunity to comment on the 2021 QAP. Home Forward appreciates the time and effort OHCS has made to continually streamline the QAP and incorporate stakeholder feedback. Our comments below are offered in that spirit.

p. 9 – 10 Competitive Process for 4% LIHTC Projects
This will be a seismic change in Oregon's 4% LIHTC pipeline. To ameliorate the inevitable uncertainty and additional work that will stem from a competitive 4% LIHTC process, Home Forward recommends that

- If approved by Congress, OHCS move to implement a "25% test" immediately. By immediately, we mean that all 4% projects closing after March 31, 2022 should be compelled to finance only 25% of eligible costs via tax exempt Private Activity Bonds (PABs). For 4% LIHTC projects closing in the first quarter of 2022, OHCS should require developers to finance only 25% of eligible costs via tax exempt Private Activity Bonds (PABs) unless the developer can prove substantial adverse consequences (e.g. significant increased costs and/or schedule delays) stemming from the imposition of a 25% test.
- OHCS should make a competitive 4% application as simple as possible. The current "open window" approach to 4% LIHTCs saves developers and OHCS staff significant time and effort in applying for funding and scoring NOFA responses. If 4% LIHTCs become a competitive resource, the department should not "import" all elements of the 9% LIHTC NOFA into competitive funding rounds. Rather, OHCS should engage stakeholders—as it did this past fall—to jointly determine how to competitively allocate 4% LIHTCs in the simplest fashion possible. OHCS should offer at least two opportunities per year to apply for 4% LIHTC and PABs.

p. 10 Set-aside for Culturally Specific Organizations
OHCS should define "financial benefit" broadly and look at the value of what culturally specific organization receives, not just whether a culturally specific organization serves as a general partner in the LIHTC ownership structure and receives a portion of the LIHTC developer fee.

For example, Home Forward is building and donating 4,200 square feet of commercial space to the Native American Youth and Family Center (NAYA) in conjunction with our PCC-Killingsworth project. The commercial space will be in a separate condominium from the LIHTC housing, meaning that NAYA has no role in the LIHTC development above. Home Forward is investing its own development reserves to ensure that the only cost borne by NAYA is the cost of its tenant improvements in the donated space. Arrangements such as these should qualify for the set-aside.

p.19 MWESB Engagement

MWESB quarterly reporting is too frequent. COBID percentages often do not change much on a quarterly basis. Twice per year, rather than quarterly, is a more appropriate reporting schedule. These biannual reports would still provide the department with the kind of window into progress it seeks with mid-project reporting requirements.

p.28 HERA Basis Boost

Please apply similar opportunities for increasing basis boost to 4% LIHTC projects.

p.32 Location Need and Severity Data

- Should 4% LIHTCs become competitive, OHCS should not apply these criteria to preservation projects seeking 4%s. The reason is that preservation projects simply are where they are.
- What is OHCS's goal here? Is the goal to fund projects in gentrifying areas? How does that work if a community is advocating for housing in a location that is not gentrifying but there is local need and support? On the other hand, there are studies that show that people with low incomes who live in higher income neighborhoods benefit from those opportunities. There is need everywhere and multiple, equally legitimate reasons to build in diverse locations. So, absent some basic prohibitions—e.g. "Do not build in a food desert; do not build immediately adjacent to a major air pollution source"--why limit where affordable housing is built?

p. 32 Location Opportunity and Environmental Factors

- Should 4% LIHTCs become competitive, OHCS should not apply these criteria to preservation projects seeking 4%s. The reason is that preservation projects simply are where they are.
- Is a project either in an area that fits under Location and Need and Severity or Location Opportunity? Or can it be both? This is confusing and requires a lot of data to be submitted and verified to prove each point, even though we know there is need everywhere.

p. 33 Vulnerable Gentrification Areas

- Should 4% LIHTCs become competitive, OHCS should not apply these criteria to preservation projects seeking 4%s. The reason is that preservation projects simply are where they are.
- Eight points can make or break an application, especially if (as implied here) they are assigned in an all-or-nothing fashion. The number of points available should be four at most.
- Absent clearly defined and stable geographical definitions of areas fitting the description of "gentrification vulnerable", which developers can rely on for years at a time, the introduction of this criterion will introduce significant uncertainty into the development process. Developers will not know which sites to pursue or avoid. If OHCS cannot assure that "gentrification vulnerable" neighborhoods will remain stable across multiple years, it should eliminate this scoring factor.

p. 35 Cost and LIHTC Effectiveness

For both categories, it is insufficient to look simply at building type. The same three or four story stick-built building may trigger no prevailing wages, Davis-Bacon Residential Wages (due to Project-Based Section 8) or BOLI wages (if it includes commercial space.) These different wage determination should be compared against each other to achieve meaningful distinctions.

Similarly, if projects are competing against each other in the Portland area, a PHB-Portland project may cost more per unit by dint of Portland's Green Building policy (which requires more than the CDM) than projects from neighboring jurisdictions that do not have City-specific green building requirements that apply to affordable housing.

Omitting these factors oversimplifies the analysis and prevents like-for-like comparisons.

p.40 Severe Rent Burden and Mismatch Housing Stock

Both of these factors introduce a sense of capriciousness to the scoring process. As stated earlier, preservation opportunities are where they are. Imagine a project that is just 1% point below both of these metrics. In a scoring environment where every point counts, losing the resulting three points could mean the project is not funded. For the neighborhood, jurisdiction and residents involved, that outcome would feel arbitrary. Better that these points should be reassigned based on factors like cost efficiency, developer capacity, partnerships and equity outcomes instead.

p. 42 Cost Effectiveness

Same comment as above for the Cost Effectiveness section on page 35.

Thank you for this opportunity to comment on the draft QAP. I am available at 503-577-6620 should have any questions about these comments.

Jonathan Trutt Digitally signed by Jonathan Trutt
Date: 2021.12.14 15:59:36 -08'00'

Jonathan Trutt
Director, Development and Community Revitalization

4

PARADA Angela * HCS

From:	Nick Sauvie <nick@ROSECDC.org>
Sent:	Tuesday, December 7, 2021 4:22 PM
To:	Hcs_QAP * HCS
Subject:	QAP Recommendations

Thank you for the opportunity to comment on the proposed QAP updates. For the most part, the update is solid and I appreciate particularly the focus on racial equity, opportunity contracting, and workforce development. My comments are based on more than 30 years' experience working in outer southeast Portland, which suffers from disinvestment, lack of infrastructure, and rapid displacement of low-income people and communities of color.

Location factor scoring
While I understand OHCS's reasoning about not locating projects in areas experiencing environmental structural racism – for example polluted areas and urban heat islands – I am concerned that the proposed QAP will disadvantage projects in low-income neighborhoods such as outer southeast or inner northeast Portland. The fact is that most low-income and BIPOC households live in these neighborhoods now. These neighborhoods need all kinds of investment, especially investment that will improves access to quality affordable housing. The proposed basis boost for projects in low poverty neighborhoods similarly disadvantages projects in disinvested communities. Finally, providing bonus points for proximity to fixed transit stops disadvantages communities that rely on bus service.

Development team capacity
As proposed development team capacity scoring disadvantages small organizations. Because scores are averaged over a smaller number of projects, one under-performing project drags down the average more for a small organization. Smaller organizations are also more likely to serve BIPOC and other populations with less access to housing. OHCS also favors large organizations that have completed multiple LIHTC projects in a given period.

Cost effectiveness
Project sponsors should be scored based on the performance of previous projects. OHCS has a trove of data on actual project costs vs. NOFA proposal cost estimates. The current process favors sponsors that low-ball expenses. It should favor organizations that accurately estimate costs and deliver on their promises.

Thank you for your consideration.

Nick Sauvie (he/him)
Executive Director
503-788-8052 ext. 16 | nick@rosecdc.org
www.rosecdc.org | facebook | instagram
ROSE community development

1

HOUSING WORKS
We know the way home.
405 SW 6th Street
Redmond, OR 97756
p: 541.923.1018
f: 541.923.6441
www.housing-works.org

Oregon Housing and Community Services
Attn: Angela Parada
725 Summer Street NE, Suite B
Salem, OR 97301-1266

Re: Comments on the draft 2022 Qualified Allocation Plan

Ms. Parada:

Please accept these comments on the proposed draft 2022 Qualified Allocation Plan. Housing Works is the Housing Authority serving Central Oregon. Housing Works is a prolific developer of affordable housing in our region and we have nearly 1,300 affordable housing units in service or currently under development.

1. The Draft QAP discusses adjusting access to 4% LIHTC due to the potential over subscription of the Private Activity Bond resource anticipated beginning in 2022. The precise language proposed in the draft is as follows:

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

   1. *Pairing 4% LIHTCs with competitive fund offerings in Notice of Funding Availabilities (NOFAs).*

   2. *Rental Assistance Demonstration, HUD Section 18, and significant funding commitment from local jurisdictions such as the Portland/Metro Bond fund applications.*

   3. *4% LIHTC applications will be prioritized based on key factors supporting alignment with the Statewide Housing Plan. Additional details will be included in a future update to the Qualified Allocation Plan as needed.*

   This language is vague and potentially inequitable and contributes to an inefficient pipeline of development. Also, in as much as the prioritization advantages urban areas over rural areas, it is inconsistent with the Statewide Housing Plan. It is our presumption based upon prior Housing Stability Council discussion that this proposed policy change is designed to maximize the leverage of the newly scarce federal Private Activity Bond resource. As a goal this laudable, but the policy itself falls short of the goal.

   First, Priority #2 refers to RAD/Section 18 and significant local funding such as the Portland/Metro Bond funding applications. As written, this policy seems to favor only projects within the three Portland Metropolitan Counties and as such is fundamentally inequitable to low-income State residents as a whole. In addition, the policy does not identify what is considered a "significant funding commitment."

To be fair to all the residents of the State, the policy should be written as follows: "**Funding commitments from local jurisdictions utilizing, any source available to them, with higher priority given to applications demonstrating a higher ratio of local funding to Private Activity Bond funding.**"

Second, while the policy identifies three priorities, the third priority appears to trump the first two by alluding to "key factors supporting the alignment with the Statewide Housing Plan." It is unclear whether this additional prioritization is meant to apply **within** the previous priorities or to supersede the first two priorities. This should be clarified within the policy language. In addition, the QAP should either list or reference the "key factors" which will be applied to prioritize applications. Perhaps, this is an opportunity to provide some access to 4% LIHTC to rural communities that typically do not have the resources to provide local financial leverage.

Finally, the policy should specifically acknowledge that Housing Authorities organized under ORS Section 456 have the power to issue Bonds for their own account and on behalf of others. The Policy should specifically recognize that Housing Authorities should not be precluded from applying for 4% LIHTC if they choose to issue Private Activity Bonds outside the OHCS allocation with the approval of the State Private Activity Bond Committee.

Policy consideration needs to recognize and promote work being completed outside of OHCS subsidy and competitive funding programs. Housing Works has successfully worked with local jurisdictions to provide gap financing for 4% LIHTC developments that did not have to enter or apply for limited and competitive OHCS resources. The 47-unit Midtown Place new construction development in Redmond that is 90% complete is a perfect example of this. We are planning another 60-unit new construction development in our region that will follow a similar path and will not be requesting competitive OHCS resources. OHCS policy should really encourage this type of work and "get it done" approach because far more units can be produced with limited resources. In addition, Housing Works is a few months away from closing a refinance/rehab of our largest property in Bend utilizing Housing Works issued bonds and 4% LIHTC. This is only possible because of a significant sponsor loan of equity back into the project. If this project was forced to go to a competitive funding round, OHCS will lose this owner leverage and more funds will be requested from OHCS simply because they are now available for this purpose, further reducing the availability of resources for other projects in Oregon.

Thank you for your consideration.

David Brandt
Executive Director.

Appendix 3 – OHCS Public Comment Responses

See next page.

Commenter	Issue	Comment	Response
Housing Development Center - Tracy Manning	4% Tax Credits	HDC is supportive of the Statewide Housing Plan, and particularly the efforts being made toward equity and PSH. There are projects that have strong equity and/or PSH components that, due to equity from local funding, do not require competitive NOFA resources. For instance, HDC's project with Bienestar, Nueva Esperanza, will have a strong equity component due to Bienestar's outstanding community engagement efforts. Fortunately, due to local funding commitments, the only competitive State resource it requires is 4%/Bond. However in future rounds, it appears that this project could be ranked #3 and not be realized based on the 2022 QAP as currently drafted.	We understand that the current language penned for the 4% program is light. We anticipate conducting another set of engagements in the coming year that will allow for a more robust engagement with stakeholders to take the important considerations as have been highlighted by your comment into consideration.
Housing Development Center - Tracy Manning	Developer Fee	The policy could be made more clear to alleviate this issue [inconsistency in policy application] by making the [suggested] changes. Note that these changes remain consistent with the cash developer fee requirements in existence or currently being adopted by some local jurisdictions (City of Portland, Metro Bond jurisdictions).	Thank you for this important conversations had with department staff regarding this topic and your suggested language for a potential clarification. We agree that projects that steward their resources well should not be denied any additional to developer fee to which they may be entitled. While we appreciate your proposed language, we are unable to adopt it fully. We have taken your points under advisement and updated the draft QAP with new department proposed language on page 56-57.
Portland Housing Bureau - Jill Chen	4% Tax Credits	Prioritization pairing 4% LIHTC with competitive NOFAS. If OHCS is referring to NOFAs under the Dept. only, it seems the most expeditious route to obtain 4% LIHTC is to apply for OHCS funding for the lowest funding possible even if funds are[n't] necessarily needed and check as many "boxes" under the QAP scoring ("game" the system). How will OHCS balance this process?	The 4% specific language in this update of the QAP is meant to serve as a bridge to allow for our continued utilization of the resource, the department fully anticipates more robust engagement regarding the allocation of 4% tax credits and Private Activity Bonds. The department anticipates balancing these priorities by making the paths of project funding clear and allocating a fair amount of resources to each developed in concert with our stakeholders and partnering local funders.
Portland Housing Bureau - Jill Chen	4% Tax Credits	Rental Assistance Demonstration, HUD Section 18, and significant funding commitment from local jurisdictions are grouped together as Priority #2. How will OHCS distinguish between projects with these priorities given there is insufficient 4% LIHTC/PABs to address all projects that are already under this category? In addition, some forms of local funding, such as the Portland/Metro Bond funds, must be committed within a certain time. Will these funding sources be prioritized based on when these funds must be committed? Will those projects awarded significant local funding be required to go through a separate OHCS NOFA, in order to obtain 4% LIHTC/PABs? How will OHCS prioritize the numerous local funding awards with limited available 4% LIHTC/PABs?	These are excellent points and OHCS is working to research best practices and lessons learned from Housing Finance Agencies nationally that have also had to make the change from a non-competitive to a competitive 4% Tax Credit programs. We anticipate that additional coordination with local funders will be absolutely necessary to make this change work for everyone both in regards to timing and tax credit/PAB reservation. It is in the coming months that we hope to engage both stakeholders and local funders in critical conversations about this transition.
Portland Housing Bureau - Jill Chen	4% Tax Credits / Affordability Period	Since 4% LIHTC/PAB is competitive, then increases in the affordability period should be reflected in the point system/scoring criteria so LIHTC's value is reflective in years of affordability where there currently is none and 4% LIHTC requires only 30 years affordability. Additional points could be granted on the selection criteria on a graduated basis (i.e. to 60 years are given 2-5 points and to 99 years are given additional 2-5 points).	Thank you for this suggestion. We, as of yet, have not decided to what measure the application for 4%/PAB will be competitive. We are making the adjustments in the QAP knowing that those changes are necessary. We will make sure to keep your suggestions in mind as those changes are implemented.
Portland Housing Bureau - Jill Chen	Serving Lowest Incomes	Under Servicing Lowest Income – AGMI, points are given for serving the lowest AMI, but there is no consideration in the 9% LIHTC scoring if the project is serving these residents on an unsubsidized basis (i.e. no rental support). There could be a clear graduated scale based on % of units serving very low income 30% AMI residents without vouchers to increase the total numbers of available very low-income units since vouchers is also a scarce resource in many jurisdictions	We appreciate this feedback and will keep it under consideration. The current 9% scoring separates out the scoring for the AGMI for the entire project favoring those that skew lower from scoring specific to the presence of project based rental assistance. This is done intentionally as you've mentioned those project based vouchers are scarce. While we acknowledge that it could be useful to monitor and score the total number or percentage of units are at 30% AMI, the complexities of rural rents warrant a broader approach for now. Additionally, we've added to our list of eligible projects for state basis boost, those projects that hold at least 20% of the units at 30% AMI and Rents to encourage additional investment in units serving extremely low incomes.
Portland Housing Bureau - Jill Chen	4% App and Timing	Please explain the two-part process for accepting 4% LIHTC applications. Since 4% LIHTC is competitive, it will be hard of developers/local jurisdictions to move forward with predevelopment loans without knowing if a 4% LIHTC is secured and the approximate date for financial close (so project costs can be estimated) The requirement to close on the construction financing within 180 days of LIHTC application acceptance letter issuance date may not be possible given predevelopment usually takes longer than 180 days.	It has been the intention of the department to utilize the 4% tax credit program as a unit production vehicle. The change in the program to competitive is meant to signal to our partners that we are going to need to screen and apply more rigorous requirements of the projects that come in for funding. The current planning has the application process remaining essentially the same, there will be a preliminary assessment of a pre-application and then part two will be a full application. These two components will change some as we evolve to prioritize the resources. Important to remember is that a part of this has always been the necessity for projects to be as close to shovel ready as possible. We believe that the 180 days suffices, but as noted in the additional update to this section, we do reserve the right to change or alter timelines.
Portland Housing Bureau - Jill Chen	4% Tax Credits and Set-Asides	As 4% LIHTC is competitive, will the 4% LIHTC be set aside in similar fashion as 9% LIHTC? Current 9% set aside for preservation at 25%, tribal at 10% and regional at 65% may not be appropriate given the demand for 4% LIHTC associated with the Metro Bond funding. Will any set asides of this resource mean Priority #2 projects will not be met?	We do not anticipate using the 9% competitive set-asides in anyway to organize the reorientation of 4% tax credits.
Portland Housing Bureau - Jill Chen	Equity and MWESB	Current QAP ask about "…identifying ways and/or targets … to contract …" but has no targets for contracting and does not reward for proven experience or outcomes. In addition, QAP info on p38 & p44 is vague on requirements	Your feedback about this section is heard and noted. The benefit of referencing the MWESB work, but not referencing it directly in the QAP is that it allows for the LIHTC program to continue to keep pace with the continued evolution of this work as it manifests outside of the cycles of QAP updates.
Portland Housing Bureau - Jill Chen	4% LIHTC Selection Criteria	Which of the selection criteria for 9% LIHTC will apply to the 4% LIHTC? And will there be separate competitions or allocations for New Construction vs. Acquisition/Rehabs (and for Acqn/Rehab, will these be for already regulated vs. those that are converting from market to affordable)? Will there be separate allocations / evaluation to address Statewide Housing Plan, i.e. PSH, family focused, etc.? And how will OHCS evaluate those projects that are already gone through a local solicitation and are fully funded except for the availability of 4% LIHTC?	Staff is still working through the specifics measures that will apply to the competitive process for the 4% tax credit program. We hope to incorporate our prioritization into the competitive process so that efficiencies can be built in. As has been mentioned in other responses, we anticipate additional stakeholder engagement to complete the 4% program's retooling.
Portland Housing Bureau - Jill Chen	Underwriting Criteria - Contingencies	Current maximum amount of LIHTCs reserved or allocated to a Project will be determined after limiting the rehabilitation contingency to 10% of the rehabilitation costs and the new construction contingency to 5% of the new construction costs. Given commodity hikes, shortages of labor and supplies, and increased inflation, will OHCS consider temporary increasing these to 15% and 10%	Thank you for this suggestion. The department is not considering updating the QAPs underwriting assumptions. We are working through updates to our other manuals and will seek to provide a consolidated update when all the programs can implement a uniform update. Upcoming NOFA will include recommendations about the reflection of construction cost increases in applications.

Portland Housing Bureau - Jill Chen	Underwriting Criteria - Uses Sources Statement	Construction Inflation Factor/Cost Escalator is 3%. Will OHCS allow an increase to 5% on a temporary basis due to same issues as above.	Thank you for this suggestion. The department is not considering updating the QAPs underwriting assumptions. Upcoming NOFA will include recommendations about the reflection of construction cost increases in applications, which include more flexibility than previously allowed with the construction escalation factor.
Portland Housing Bureau - Jill Chen	Underwriting Criteria - Developer Fees	Given limitations on 4% LIHTC/PAB, will OHCS consider lowing the levels of acceptable developer fees? And given fact that Metro has published a maximum net cash developer fee, will OHCS consider capping net cash developer fees?	We haven't made any final decisions about the overall changes to the 4% LIHTC program. Given the delay and changing landscape of the passability of the Build Back Better Act, this is something worth considering. Thank you for the suggestion.
Network for Oregon Affordable Housing - Rob Prasch	Preservation Projects Set-Aside	Defined as Projects with at least twenty-five percent (25%) of the residential units have federal Project-based rent subsidies AND the HUD Section 8 contract is expiring or the USDA Rural Development (RD) loan is maturing within 7 years, or RD restrictive use covenants have expired. After "RD restrictive use covenants have expired", I recommend adding "and the project is eligible to prepay its RD direct mortgage". A project with an expired restrictive use covenant cannot exit the program unless it also has the right to prepay. I also suggest Rural Development projects having a maturing mortgage within 3 years of the date of application, or where the owner has a pending mortgage prepayment request, be prioritized for funding	We have adopted the recommended preservation set-aside RD language change. The second suggested change is still under consideration and should we decide to implement it, it would be in the NOFA.
Network for Oregon Affordable Housing - Rob Prasch	4% and 9% Tax Credits / Affordability Periods	I recommend requiring a 60-year affordability period for both 9% and 4% LIHTC awards. With private activity bonds constrained for the foreseeable future, OHCS will soon begin rationing this critical resource. The Department has already announced a pause on new PAB-4% applications until a competitive process can be designed and implemented. Given the high demand, it's time for the Department to require 60-year affordability for bonds and 4% credits as it does for 9% LIHTC awards and for most other OHCS funding sources. Afterall, the state is buying affordability with these scarce resources.	Thank you for your comment, we have not arrived at a final plan for the changes to be implemented to the 4% tax credit program. We will keep this suggestion under consideration and invite you to participate in future conversations with stakeholders.
Network for Oregon Affordable Housing - Rob Prasch	Asset Mgmt Compliance and Project Monitoring	I strongly recommend extending OHCS's monitoring, compliance and enforcement responsibilities through the end of the LIHTC project 3-year safer harbor period which begins after expiration of the LIHTC Declaration of Land Use and Restrictive Covenants (Declaration). In the absence of OHCS monitoring and enforcement, residents impacted by an owner's noncompliance with the safe-harbor period which protects them against eviction and rent increases over the allowed LIHTC rents, must seek legal counsel in order to enforce these protections	This is a recommendation that requires coordination between a few different sections in our division. We appreciate this suggestion and will work on these policies with our Portfolio Administration and Planning and Policy Teams.
Network for Oregon Affordable Housing - Rob Prasch	Right of First Refusal	I strongly support the new proposed language designed to strengthen the non-profit Right of First Refusal, including the provision allowing OHCS to debar project sponsors, investors, syndicators, or lenders having demonstrated a history of conduct detrimental to long-term compliance with extended use agreements, whether in Oregon or another state.	We appreciate your advocacy and support. Thank you.
Network for Oregon Affordable Housing - Rob Prasch	9% Preservation Selection Criteria	It's important to note there are no Enhanced Vouchers or RD Vouchers issued on maturity of RD direct loans under the 515 or 514 programs. RD project rent restrictions and project-based Rental Assistance are terminate upon maturity of the mortgage. The lack of any protections for residents of maturing RD properties should provide these properties the highest priority for OHCS preservation resources.	Thank you for this information and we'll do our best to coordinate resources with this in mind both relative to the LIHTC program and other resources of the department.
Wishcamper Development Partners - Fletcher Ray	Right of First Refusal	We largely support the amendments to the 2022 QAP as drafted. Our only comment relates to the proposed change in the Right of First Refusal language beginning on Line 26 of Page 23. At the end of this section, we propose adding the following language: "The aforementioned non-profit ROFR can be subordinate to a for-profit GP purchase option, so long as the GP agrees to extend the affordability of the project for at least an additional 15 years."	Thank you for your comment; as the current QAP language is aligned with best practice recommendations, we will not be making your recommended changes. However, we will keep this recommendation visible as we work to make our next updates for the 4% LIHTC program.
Home Innovation Research Labs - Michael Luzier	Sustainable Buildings Paths	On behalf of Home Innovation Research Labs, I respectfully request that NGBS Green certification based on the ICC-700 National Green Building Standard (NGBS) be recognized as an approved Sustainable Building path within the Oregon Core-Development Manual (CDM) and that this change be executed prior to the 2022 QAP allocation round.	The QAP references the Core-Development Manual. It is important to recognize that the CDM does not preclude the use of 3rd party pathways that are not specifically listed. Our architect has reached out to a representative of Home Innovative Research Labs and is doing additional due diligence about the NGBS building certification.
Home Forward - Jonathan Trutt	4% Tax Credits / PAB and Build Back Better Act	If approved by Congress, OHCS move to implement a "25% test" immediately. By immediately, we mean that all 4% projects closing after March 31, 2022 should be compelled to finance only 25% of eligible costs via tax exempt Private Activity Bonds (PABs). For 4% LIHTC projects closing in the first quarter of 2022, OHCS should require developers to finance only 25% of eligible costs via tax exempt Private Activity Bonds (PABs) unless the developer can prove substantial adverse consequences (e.g. significant increased costs and/or schedule delays) stemming from the imposition of a 25% test.	Thank you for your input. Should the Build Back Better Act pass, we will be sure to take this under advisement.
Home Forward - Jonathan Trutt	4% Application	OHCS should make a competitive 4% application as simple as possible. The current "open window" approach to 4% LIHTCs saves developers and OHCS staff significant time and effort in applying for funding and scoring NOFA responses. If 4% LIHTCs become a competitive resource, the department should not "import" all elements of the 9% LIHTC NOFA into competitive funding rounds. Rather, OHCS should engage stakeholders—as it did this past fall—to jointly determine how to competitively allocate 4% LIHTCs in the simplest fashion possible. OHCS should offer at least two opportunities per year to apply for 4% LIHTC and PABs.	Thank you, we agree that utilizing the same 9% competitive structure for the 4% tax credit program isn't the right path forward. Additionally, we intend to do stakeholder later on in the year and an additional more robust update to the 4% tax credit program.
Home Forward - Jonathan Trutt	9% Culturally Specific Set-Aside	OHCS should define "financial benefit" broadly and look at the value of what culturally specific organization receives, not just whether a culturally specific organization serves as a general partner in the LIHTC ownership structure and receives a portion of the LIHTC developer fee. For example, Home Forward is building and donating 4,200 square feet of commercial space to the Native American Youth and Family Center (NAYA) in conjunction with our PCC-Killingsworth project. The commercial space will be in a separate condominium from the LIHTC housing, meaning that NAYA has no role in the LIHTC development above. Home Forward is investing its own development reserves to ensure that the only cost borne by NAYA is the cost of its tenant improvements in the donated space. Arrangements such as these should qualify for the set-aside.	The department is aiming to give an advantage to developers and development firms of color. While we can appreciate the benefit of an in-kind donation like the expressed example, we are unwilling to change the definition of mutual financial benefit. As it addresses a power imbalance often found in deals where developers of color are not integrated into the deal, but tokenized.

Home Forward - Jonathan Trutt	MWESB Engagement	MWESB quarterly reporting is too frequent. COBID percentages often do not change much on a quarterly basis. Twice per year, rather than quarterly, is a more appropriate reporting schedule. These biannual reports would still provide the department with the kind of window into progress it seeks with mid-project reporting requirements.	Thank you for your input related to MWESB, it has been forwarded on for consideration by the next MWESB program analyst.
Home Forward - Jonathan Trutt	HERA Basis Boost	Please apply similar opportunities for increasing basis boost to 4% LIHTC projects	Per code 4% LIHTC deals, as they require tax exempt financing are not eligible for the HERA state basis boost.
Home Forward - Jonathan Trutt	Location Need and Severity Data	Should 4% LIHTCs become competitive, OHCS should not apply these criteria to preservation projects seeking 4%s. The reason is that preservation projects simply are where they are.	We agree that the metrics utilized to gage the competitive measures of the 4% program should be different from the 9% program.
Home Forward - Jonathan Trutt	Location Need and Severity Data	What is OHCS's goal here? Is the goal to fund projects in gentrifying areas? How does that work if a community is advocating for housing in a location that is not gentrifying but there is local need and support? On the other hand, there are studies that show that people with low incomes who live in higher income neighborhoods benefit from those opportunities. There is need everywhere and multiple, equally legitimate reasons to build in diverse locations. So, absent some basic prohibitions—e.g. "Do not build in a food desert; do not build immediately adjacent to a major air pollution source"--why limit where affordable housing is built?	Our goal is to better refine our data sets to address the realities facing low-income Oregonians from all different walks of life. Respectfully, we disagree that we should allow the building of affordable housing anywhere. Location is imperative to equity and we are striving to rise to the challenge of realizing our investment impacts on maintaining systems of disenfranchisement. Additionally, our points must reflect a wide range of policy objectives for communities statewide. Anti-displacement is one of those efforts and this data along with the associated points of the "location opportunity and environmental factors" reflects neighborhoods with higher incomes as a priority.
Home Forward - Jonathan Trutt	Location Opportunity and Environmental Factors	Should 4% LIHTCs become competitive, OHCS should not apply these criteria to preservation projects seeking 4%s. The reason is that preservation projects simply are where they are.	Thank you for your feedback.
Home Forward - Jonathan Trutt	Location Opportunity and Environmental Factors	Is a project either in an area that fits under Location and Need and Severity or Location Opportunity? Or can it be both? This is confusing and requires a lot of data to be submitted and verified to prove each point, even though we know there is need everywhere.	These sections were designed to work in conjunction with one another, as to more accurately capture the nuances of gentrification, and to better reflect our agency's goal of housing choice. Under the 2019 QAP, there were three components to the location scoring. One of the sections, Location Preferences, was an either/or for Opportunity Areas and Areas Vulnerable to Gentrification. This posed several issues for projects that were located in areas that had both the hallmarks of early gentrification and displacement risk as well as the characteristics and amenities that would deconcentrate poverty and are correlated with positive resident outcomes that made them attractive for multifamily housing. We are familiar with the moving to opportunity research that you have cited, and are therefore familiar with the finding that moving to a high resource area only had (marginal) positive effects for children under 13. As an agency, our goal is to support the concept of housing choice to ensure that residents can access affordable housing In both high and low resource areas. While there is a need for housing across the state, the need is more acute in certain geographies, and it is imperative that this is captured by utilizing multiple data sources. There is no data that developers will need to submit, these esctions will be based on data that has been identified in the QAP and embedded into the the application by OHCS staff.
Home Forward - Jonathan Trutt	Vulnerable Gentrification Areas	Should 4% LIHTCs become competitive, OHCS should not apply these criteria to preservation projects seeking 4%s. The reason is that preservation projects simply are where they are.	Thank you for your feedback.
Home Forward - Jonathan Trutt	Vulnerable Gentrification Areas	Eight points can make or break an application, especially if (as implied here) they are assigned in an all-or-nothing fashion. The number of points available should be four at most.	Your scoring feedback is appreciated and we've made some adjustments to this scoring criteria that should address your concerns. It was not all or nothing points section, but we believe we have made it clarer in the update and will elaborate further in the NOFA.
Home Forward - Jonathan Trutt	Vulnerable Gentrification Areas	Absent clearly defined and stable geographical definitions of areas fitting the description of "gentrification vulnerable", which developers can rely on for years at a time, the introduction of this criterion will introduce significant uncertainty into the development process. Developers will not know which sites to pursue or avoid. If OHCS cannot assure that "gentrification vulnerable" neighborhoods will remain stable across multiple years, it should eliminate this scoring factor.	We are called to rise to the occassion to address the impacts of gentrification, this is the department's adaption of data available to meet the mark and responsibly steward public resoruces. OHCS cannot ensure that neighborhoods will remain "vulnerable to gentrification" for years because gentrification is, by definition, a dynamic phenomenon. Our goal is to accurately capture change over time and vulnerability using multiple reliable data sources; we plan on updating these yearly and publishing a mapping application that developers can access to gain a deeper understanding of how geographies may score in this category.
Home Forward - Jonathan Trutt	Cost and LIHTC Effectiveness	For both categories, it is insufficient to look simply at building type. The same three or four story stick-built building may trigger no prevailing wages, Davis-Bacon Residential Wages (due to Project-Based Section 8) or BOLI wages (if it includes commercial space.) These different wage determination should be compared against each other to achieve meaningful distinctions.	The split in projects between geography, set-asides, building type already leaves less projects being compared to one another than one may think . Adding an additional factor would render this point section essentially inconsequential.
Home Forward - Jonathan Trutt	Cost and LIHTC Effectiveness (NC / Preservation)	Similarly, if projects are competing against each other in the Portland area, a PHB-Portland project may cost more per unit by dint of Portland's Green Building policy (which requires more than the CDM) than projects from neighboring jurisdictions that do not have City-specific green building requirements that apply to affordable housing. Omitting these factors oversimplifies the analysis and prevents like-for-like comparisons.	Thanks for your feedback. The idea wittling down the additional factors for like projects could leave some projects alone in a category. Again essentially rendering this section useless.
Home Forward - Jonathan Trutt	Severe Rent Burden and Mismatch Housing Stock	Both of these factors introduce a sense of capriciousness to the scoring process. As stated earlier, preservation opportunities are where they are. Imagine a project that is just 1% point below both of these metrics. In a scoring environment where every point counts, losing the resulting three points could mean the project is not funded. For the neighborhood, jurisdiction and residents involved, that outcome would feel arbitrary. Better that these points should be reassigned based on factors like cost efficiency, developer capacity, partnerships and equity outcomes instead.	Both of these factors are reframing data that was already being used in our last QAP's location scoring. Preservation is a competitive process, which necessitates that OHCS prioritize those for funding which are the most aligned with our priorities and goals. Far from arbitrary or capricious, neighborhoods with these risk factors identified have been shown to experience the most negative housing and social impacts for its tenants, and are also, unfortunately, stubborn over time due to disinvestment and need for more resources. While we appreciate your feedback, we have not made any changes to this point criteria.

Rose Community Development Corporation - Nick Sauvie	Location Factor Scoring	While I understand OHCS's reasoning about not locating projects in areas experiencing environmental structural racism – for example polluted areas and urban heat islands – I am concerned that the proposed QAP will disadvantage projects in low-income neighborhoods such as outer southeast or inner northeast Portland. The fact is that most low-income and BIPOC households live in these neighborhoods now. These neighborhoods need all kinds of investment, especially investment that will improves access to quality affordable housing. The proposed basis boost for projects in low poverty neighborhoods similarly disadvantages projects in disinvested communities. Finally, providing bonus points for proximity to fixed transit stops disadvantages communities that rely on bus service.	Thank you for your comments. As mentioned with regard to the Vulnerable Gentrification areas, the points in Location Opportunity & Environmental Factors section are intended to site in areas with positive location factors shown to be associated with better outcomes for residents, including parks, schools, transit, and grocery options. Providing opportunities to site low income housing in these areas can combat concentration of poverty in cities. We recognize the potential impact on disinvested communities and have worked deliberately to calibrate other scoring sections to take this into account.
Rose Community Development Corporation - Nick Sauvie	Development Team Capacity	As proposed development team capacity scoring disadvantages small organizations. Because scores are averaged over a smaller number of projects, one under-performing project drags down the average more for a small organization. Smaller organizations are also more likely to serve BIPOC and other populations with less access to housing. OHCS also favors large organizations that have completed multiple LIHTC projects in a given period.	Thank you for your input. We have included a narrative question that allows for applicants to provide additional information that should be known by the reviewer prior to score assignment.
Rose Community Development Corporation - Nick Sauvie	Cost Effectiveness	Project sponsors should be scored based on the performance of previous projects. OHCS has a trove of data on actual project costs vs. NOFA proposal cost estimates. The current process favors sponsors that low-ball expenses. It should favor organizations that accurately estimate costs and deliver on their promises.	We are in agreement and will do our best to keep the this topic open for possible update in our next stakeholder engagement sessions. Especially as we continue to flesh out the 4% tax credit program.
Housing Works - David Brandt	4% Tax Credits	[The changes to the 4% Tax Credits program] language is vague and potentially inequitable and contributes to an inefficient pipeline of development. Also, in as much as the prioritization advantages urban areas over rural areas, it is inconsistent with the Statewide Housing Plan. It is our presumption based upon prior Housing Stability Council discussion that this proposed policy change is designed to maximize the leverage of the newly scarce federal Private Activity Bond resource. As a goal this is laudable, but the policy itself falls short of the goal.	Thank you for your comments. As has been mentioned in other responses, we are planning to conduct additional stakeholder outreach and will look to our rural partners to continue to inform the program changes as it evolves.

OREGON HOUSING and COMMUNITY SERVICES
725 SUMMER STREET NE, SUITE B | SALEM, OR 97301
503-986-2000 | www.oregon.gov/OHCS

Date: January 7, 2022

To: Housing Stability Council Members
Margaret Solle Salazar, Executive Director

From: Rick Abrego, MWESB Senior Program Analyst
Roberto Franco, Assistant Director, Development Resources and Production

Re: 2021 MWESB Affordable Rental Housing Progress Report

Background:

In November of 2019, with the approval of Housing Stability Council (HSC) the Affordable Rental Housing (ARH) division adopted it's Minority-owned, Woman-owned or Emerging Small Business; and Service Disabled Veteran Business Enterprises (MWESB) Strategy and Equity Policy.

Oregon minority contractors have borne the brunt of economic disadvantages in the construction industry and are often awarded smaller bids and contracts because of language, bonding/licensing and/or onerous licensing and certification processes. Oregon minority contractors face an uphill challenge against larger, well-funded, and more established construction contractors. Requiring that sponsors, developers, and contractors commit to engaging, soliciting, and awarding bids to minority contractors supports OHCS' desired equity and racial justice goals. The data collection and reporting adopted in support of the ARH policy will help track progress to support and expand utilization over time.

This report is an annual update on the ARH MWESB Strategy and Equity Policy.

Strategy Implementation:

Since adoption, the Affordable Rental Housing division has put into place several critical components to drive the use and tracking of MWESB contractors in ARH funded developments. Notably, an MWESB strategy and compliance manual was established to clearly and intentionally influence affordable housing builders and developers to reach out and provide business contract opportunities to MWESB firms certified by Oregon's Certification Office for Business Inclusion and Diversity (COBID).

In addition, all applicants to OHCS NOFA opportunities include scoring based on proposed MWESB contracting plan. In this process, applicants are required to establish a target for the percentage of construction cost that will be committed to MWESB subcontractors, identify the steps they will take to meet those participation goals, and detail how the development team will market the project specifically to BIPOC subcontractors. It also asks for detail on the General Contractor including whether they are an MWESB entity (COBID certified or not) themselves, what their firm's demographics are, and what their history is of working with MWESB subcontractors.

If awarded funding, the development teams commit to their MWESB plan when accepting the funding reservation and conditions letter, and must report quarterly progress on their MWESB activities. This reporting is updated throughout the project development through lease up and tenant move in.

Alignment of MWESB policy with OHCS Statewide Housing Plan:
They key policy priorities that the ARH MWESB Policy supports are the following:

1. Equity and Racial Justice Priority
The MWESB initiative is a cornerstone of our work to imbed equity and racial justice into our funding efforts. Through MWESB requirements, we aim to ensure the equitable distribution of economic opportunities created by the development of affordable housing through the jobs created to develop, design, build, and operate projects funded with resources from OHCS.

4. Affordable Rental Housing Priority
One expectation of this initiative is to increase the number of certified and non-certified MWESB firms that will be able to benefit from this strategy and policy. We believe that this will augment the number of contractors available to participate in affordable housing the development, design, and construction.

6. Rural Priority
Applying a rural lens is a key component of the MWESB strategy. It is not practical to apply the strategies and policies that work in large urban areas to very rural Oregon. If nothing else, the availability of contractors may be more constrained in specific trades, which will impact how we determine an appropriate target. As such, the regional minimum targets established in the Compliance Policy works to scale in a way that is responsive to the reality of rural areas. We also have aimed much of our technical assistance and training on rural areas, hoping to bolster the number of MWESB certified firms in those parts of the state.

Program Strategy & Reporting:
The desired outcomes of the MWESB Strategy are to:
- Identify the availability of MWESB COBID Certified and Non-Certified firms,
- Identify subcontractors of minority race and ethnicity utilized in projects,

- Encourage General Contractors to voluntarily provide race and ethnicity of labor force (voluntary self-report by sub-contractor),
- Track sub-contracts awarded to MWESB firms in OHCS affordable rental housing construction projects.

General contractors and developers can utilize both COBID and non-COBID certified MWESB firms in meeting their MWESB goals provided that the firm listed is both encouraged and assisted in becoming a COBID certified firm prior to completion of project. This was intentional as a means for us to both know the pool of non-certified MWESB firms we can assist with technical assistance and training for getting certified, as well as the areas of the state where even non-certified firms are in short supply and where a more holistic strategy around workforce development may need to be pursued.

The OHCS 2021 NOFA was the first to require developers and contractors to submit the OHCS MWESB Equity report quarterly at final application to assist in collecting MWESB/SDVBE participation data. The 2021 NOFA projects are mostly in the pipeline, so this data is still being collected for most of them. We anticipate by next year having final results on this first full cohort of projects that were funded with the MWESB policy in place along with more reporting in the pipeline from the upcoming 2022 NOFAs and beyond.

This briefing covers information collected from January 01, 2021, through December 01, 2021. The projects included in this report are those that started construction and development in 2021, which includes reporting from some 2020 funded projects that agreed to provide reports even though the requirement had not been in place when they were funded.

As of 11/01/21, and using the limited data available from 2020 funded NOFAs under construction and development, the MWESB total report includes the following:

- 19 projects under construction reporting,
- 3 construction completed projects reporting,
- Total project sub-contracts awarded to COBID and non-COBID MWESB/SDVBE firms,
- Total construction project costs.

ARH will continue to collect data quarterly while developers and contractors encourage non-COBID MWESB/SDVBE firms to register with COBID prior to construction completion. Once a full construction cycle (18 to 24 months) comes to completion, the Final Application will be submitted and ARH will report final data collected on OHCS funded projects.

Completed Projects reported Metro (Region 1): *includes Clackamas, Columbia, Multnomah, Washington, and Yamhill Counties.*

Construction Completed Projects - Metro	African American	Latino	Native American	Asian	Woman Owned	Service Disabled/Veteran owned	Emerging Small Business	Total Contract Award	Total Construction Budget	Current participation Percentge of Construction Budget
2	$ 101,733.00	$ 1,239,861.00	$1,682,461.00	$ 786,265.00	$ 4,358,282.00	$ -	$ 695,385.00	$ 8,863,987.00	$ 31,817,928.00	28%

Completed Project Balance of State (Regions 2-5): *includes Clatsop Tillamook, Yamhill, Polk, Marion, Lincoln, Benton, Linn, Lane, Coos, Douglas, Curry, Josephine, Jackson Counties*

Construction Completed Projects - Balance of State	African American	Latino	Native American	Asian	Woman Owned	Service Disabled/Veteran owned	Emerging Small Business	Total Contract Award	Total Construction Budget	Current participation Percentge of Construction Budget
1	$ -	$ -	$ -	$ -	$ -	$ 558,622.00	$ -	$ 558,622.00	$ 1,187,608.00	47%

Under Construction Projects Metro (Region 1)– *includes Clackamas, Columbia, Multnomah, Washington, and Yamhill Counties*

Project Reported	African American	Latino	American Indian	Asian	Woman Owned	Service Disabled/Veteran owned	Emerging Small Business	Total Contract Award	Total Construction Budget	Final Percentge of Construction Budget
13	$3,643,014.00	$ 39,869,633.00	$ 20,820.00	$ 1,049,581.00	$ 16,149,836.00	$ 6,705,133.00	$ 8,070,339.00	$ 81,513,053.00	$ 293,259,255.00	28%

Under Construction Projects Balance of State (Regions 2-5) - *includes Clatsop Tillamook, Yamhill, Polk, Marion, Lincoln, Benton, Linn, Lane, Coos, Douglas, Curry, Josephine, Jackson, Wasco, Sherman, Gillam, Jefferson, Wheeler, Crook, Deschutes, Klamath, Lake, Morrow, Umatilla, Union, Wallowa, Grant, Baker, Harney and Malheur Counties.*

Projects Reported	African American	Latino	American Indian	Asian	Woman Owned	Service Disabled/Veteran owned	Emerging Small Business	Other DBE	Total Contract Award	Total Construction Budget	Final Percentge of Construction Budget
6	$ -	$ 1,873,088.00	$ -	$649,706.00	$ 7,959.00	$ -	$ 1,710,586.00	$ -	$ 4,241,339.00	$ 42,345,242.00	10%

Total MWESB Firms utilized on OHCS reported projects

Project Name	African American	Latino	American Indian	Asian	Woman Owned	Service Disabled/Veteran owned	Emerging Small Business	Other DBE	Total Contract Award	Total Construction Budget	Final Percentge of Construction Budget
22	10	68	2	16	74	3	35	0	$ 90,313,976.00	$ 368,610,033.00	25%

Continuing Efforts, Opportunities and Concerns:

Education & Outreach: In November and December of 2021, OHCS hosted Business Oregon to conduct four COBID firm certification programs (via Zoom) outlining the COBID certification process, requirements, challenges, and opportunities to help increase MWESB certified firms. Currently, Business Oregon is the only office that can certify businesses as MWESB firms. There have been discussions to support the same certification seminars in rural areas of Oregon in 2022.

Partnerships and Best Practices: MWESB staff has been engaged with Portland Housing Bureau, Metro, and DHS procurement services to learn about the experience, practice, and results of their MWESB requirements. These groups have provided feedback on the policy, the excel reporting and data collection matrices.

Rural Communities Next Steps: For projects in rural communities, we will continue to require the expected rate of MWESB participation, 20% as described in the compliance policy manual, and also keep the conversation open about the challenges for engaging COBID certified firms. Moving forward, we should look to calling on other agency initiatives and sections for specific support such as ARH capacity building and the EDI office, to strategize efforts to help increase the number of MBEs in rural communities.

MWESB Working Group: As we continue with the overall strategy implementation and the associated compliance policy, our plans still contemplate establishing an MWESB working group made up of Black, Indigenous and People of Color advocates and organizations supporting women and minority-owned business from the construction industry. This group would have a roll in assisting on broader efforts of OHCS on equity and racial justice, and the role that OHCS will play in the shared economic prosperity of Oregonians.

Utilization Concerns:
Several concerns linger with regards to getting more firms COBID certified and seeking out those who would be eligible. These include, but aren't limited to:

- Booming construction industry creates less need for COBID certification as many subcontractors are maxed out already

- As MWESB firm utilization grows, particularly in the Metro area where most registered firms are located, MWESB availability diminishes creating MWESB capacity concerns
- No system is currently available to identify MWESB firms that are not yet registered with COBID to expand capacity for MWESB usage in Rural Oregon

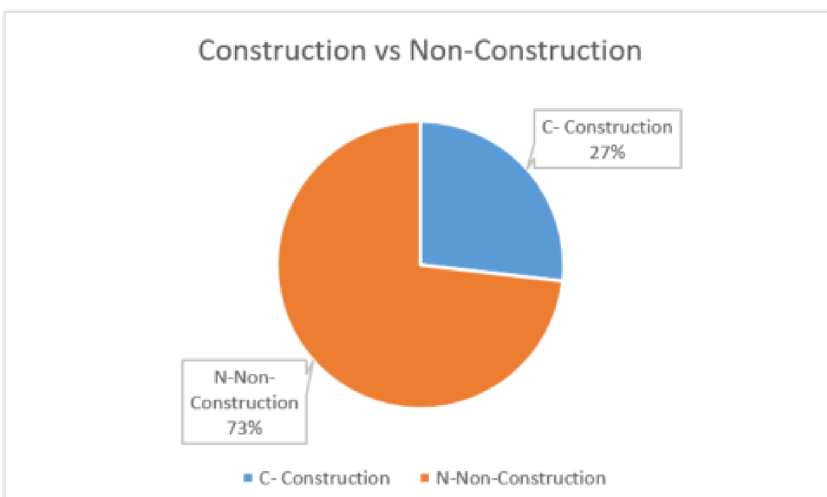
Reference: Overall Inventory of COBID Firms

As we put into context the OHCS MWESB initiative and requirements, it is also important to view the current landscape and inventory of COBID firms. According to Business Oregon, the COBID Certification report from October 2021 showed the following demographics:

- 2,572 COBID Statewide certified members
- 1658 Certified White
- 283 Hispanic MBE's
- 261 African American MBE's
- 271 Asian American MBE's
- 84 Native American MBE's
- 15 Other MBE's

Current active statewide certified firms 2572
Firms associated with construction field 689 (27%),
Minority owned firms 240 associated in construction field (35%)

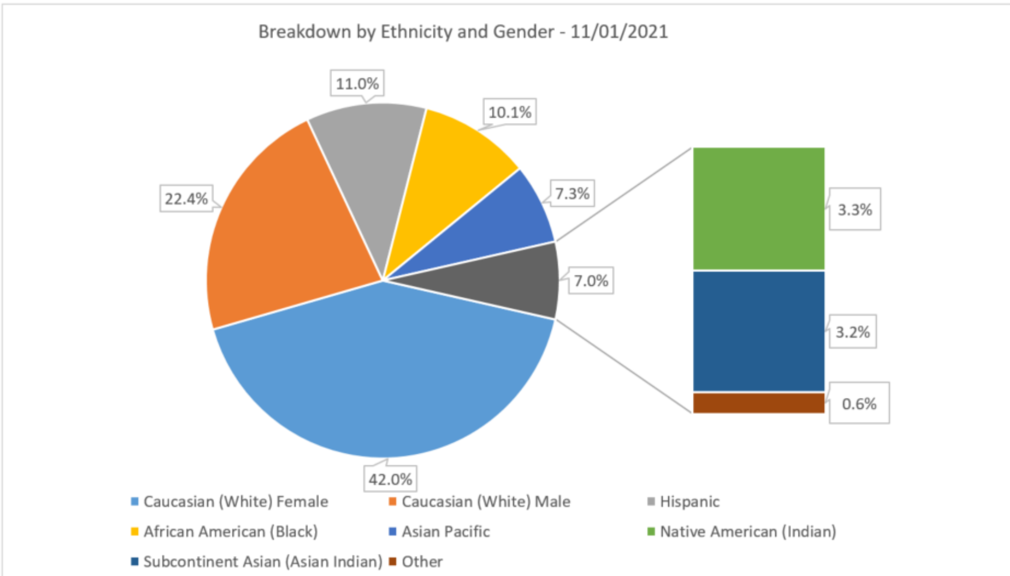
C- Construction	N-Non-Construction
689	1883



Oregon Housing and Community Services | 725 Summer St. NE Suite B, Salem, OR 97301-1266 | (503) 986-2000 | FAX (503) 986-2020

COBID by the Numbers

Caucasian (White) Female	Caucasian (White) Male	Hispanic	African American (Black)	Asian Pacific	Native American (Indian)	Subcontinent Asian (Asian Indian)	Other
1081	577	283	261	189	84	82	15



Oregon Housing and Community Services | 725 Summer St. NE Suite B, Salem, OR 97301-1266 | (503) 986-2000 | FAX (503) 986-2020

OREGON HOUSING and COMMUNITY SERVICES
725 SUMMER STREET NE, SUITE B | SALEM, OR 97301
503-986-2000 | www.oregon.gov/OHCS

DATE: January 7, 2022

TO: Housing Stability Council
Margaret Solle Salazar, Executive Director

FROM: James Hackett, Assistant Director Portfolio Administration
Rick Ruzicka, Interim Assistant Director Planning and Policy
Natasha Detweiler-Daby, Interim Director Affordable Rental Housing

SUBJECT: OHCS Rent Increase Policy – Status Update

This month the Affordable Rental Housing Division is providing Housing Stability Council with background and context of the Oregon Housing and Community Services (OHCS) Rent Increase Policy. This policy was developed and updated in consultation with Housing Stability Council, and we want to discuss the future of this policy with the Council again. In this conversation, we aim to lay the foundation of the diverse perspectives and impacts of this policy, along with recent statutory updates and legal consultation, with the hopes of informing staff on what future updates could be made to either revise or rescind the current policy.

In this memo, we review:

- Background & Context of the OHCS Rent Increase Policy
- Layering State and OHCS Rent Increase Limitations
- Housing Stability Council Guidance
- Next Steps

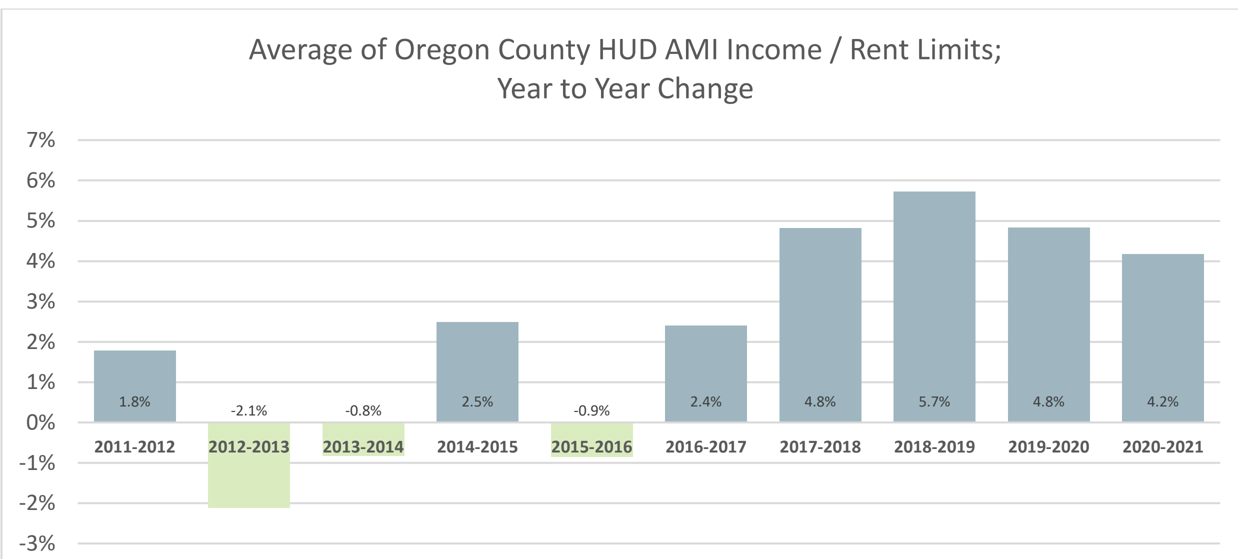
Background & Context of the Rent Increase Policy

For years Oregon has experienced extreme pressure on the rental housing market, resulting in rapid increases to the rent rates across the state that have destabilized Oregon renters. To mediate this effect on households, in 2019 the Oregon Legislature passed Senate Bill 608, which limits rent increases to 7% plus the Consumer Price Index (CPI). Affordable housing was initially exempt from this statutory rent increase limitation, as rents in affordable housing are already limited by either recorded use restrictions or based on a percentage of tenant income or both. Additionally, before the passage of SB 608, OHCS adopted a Rent Increase Policy requiring affordable housing properties in its portfolio to submit rent increase requests for review and approval.

As SB 608 exempted affordable housing from its scope, OHCS retained its Rent Increase Policy but modified it to align more closely with the standards and provisions found in Oregon statutory rent increase limitations. In 2021 House Bill 3113 (2021) removed the exemption for affordable housing and brought it under the state's rent increase limitations. Effective January 1st, 2022 all affordable housing properties are limited in the amount of rent increases by the state statute along with any applicable programmatic rent caps.

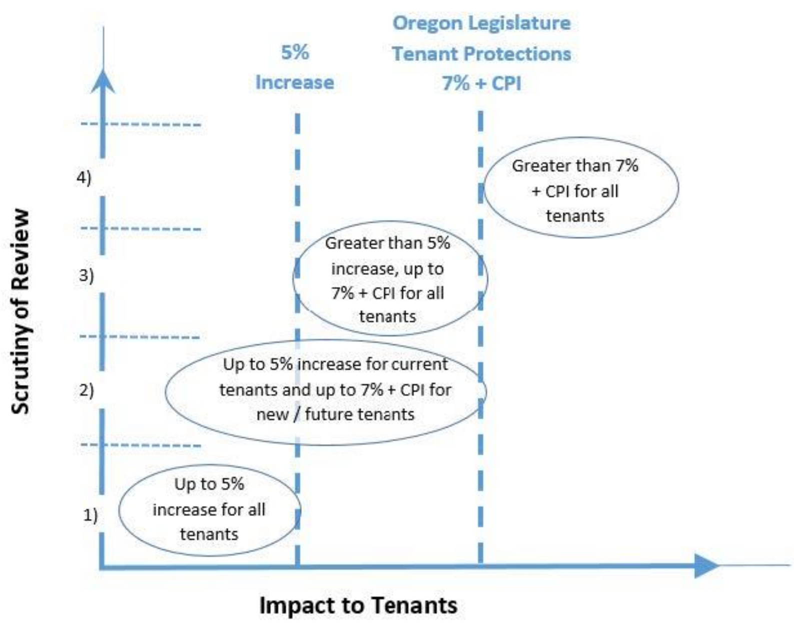
Rent caps in affordable rental housing are not driven directly by traditional market fluctuations; instead, they are driven by changes to household incomes over time. These limits are tied to the Area Median Income within each county, as defined by HUD. These are also a reflection of the overall economy through their basis in household earning estimates. As incomes rise, these rent limits also rise.

Over the past ten years, the average year-to-year change in rent rates across each Oregon county was between two and three percent. However, looking into these shifts over time, we also see reflections of recessions and recoveries reducing and then increasing these limits. While we saw modest growth along with modest reductions that left the overall rent caps in affordable housing stagnant between 2011 and 2017, beginning with the average 4.8% increase in rent caps between 2017 – 2018, there has been a period of overall rent rate growth.



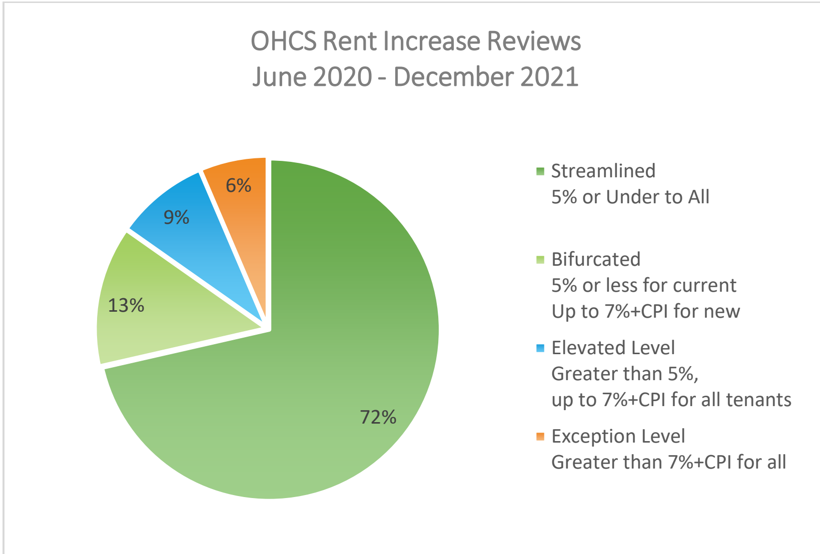
The primary drivers for increasing rents are to allow the property to respond to increased financial needs to support their properties; either in support of rising energy, salary, and maintenance needs or to help cover costs of major system upgrades. However, for low-income residents – many of which have fixed incomes that do not grow alongside the programmatic limits – these increases become a threat to housing stability. This is because the rent for an affordable unit is not tied directly to the household income unless rent assistance exists for the tenant or unit to ensure the tenant only pays thirty percent of their income toward gross rent expenses.

While the answer to housing stability for fixed income tenants is surely rent assistance that ties the amount the resident must pay to the income they bring in, the state rent increase limitations and the OHCS Rent Increase Policy serve to limit cases of larger increases. Specifically, the OHCS Rent Increase Policy has scaled the need for review in a direct relationship with the impact on tenants.



Please note that, as of January 1st, only vacant units can raise rents by more than 7% + CPI.

Over the past year and a half of having this policy in place, along with the affordable housing exemption from statewide rent increase limitations, OHCS staff reviewed over 400 requests for rent increases from the portfolio projects. Of these increases, 94% had adopted increases that were within the state rent increase limitations. The six percent of cases where the approved rent increases were above that were often tied with rent assisted units (where the tenants' portion of rent would not increase) while also demonstrating financial need to address life, health and safety aspects of property maintenance.



Layering State and OHCS Rent Increase Limitations

When HB 3113 (2021) was put forward in the legislative session to remove the affordable housing exemption from the state law, OHCS indicated in our agency fiscal review that we would pursue a sunset to our agency policy reviewing rent increases. The driver behind this recommendation was most significantly the reality that enforcing both would be unduly burdensome for the review of increases that already had directly applicable caps from both the state law and programmatic perspectives. Further, OHCS would not retain any ability to approve larger increases with any scrutiny to leverage increases in rent collections to address severe cash flow issues that put entire properties at risk. Lastly, with new statute governing affordable housing rent increases for the first time, there were questions about the legal defensibility of applying a more rigorous limitation to these increases than those prescribed by statute.

However, as we initiated the policy discussions to rescind the OHCS rent increase policy, we heard requests to retain the policy to ensure tenants' protections. Subsequent engagement and conversations resulted in recommendations that OHCS retain a Rent Increase Policy that allows, without review, any increases that include a five percent or less increase on existing tenant rent and a higher scrutiny of review for those requesting greater than five percent through the statewide limit of seven percent plus CPI.

The rationale for wanting to limit rent increases below those required by state law is to limit the impact of rent increases on fixed-income tenants in affordable housing. The key benefit to retaining a rent increase policy at OHCS, as recommended, is the idea that perhaps having such a policy in place would encourage affordable housing owners and managers to limit their increases to five percent or less. We recognize that even a five percent increase does not guarantee housing stability for fixed-income households. Data shows rent increases allowable per program at the county level rarely exceed a five percent increase annually, so if properties are implementing increases regularly over time, they would rarely be able to increase more than five percent. As such, it begins to be difficult to ascertain the net benefit of continuing to apply another layer of policy around rent increases given the questions about legal defensibility, as well as this lack of surety around the impact such a policy will actually have under more normal economic conditions. An added concern in particular is that having so many layers of control over rent increases may deter lenders, investors, and others from investing in affordable housing in Oregon.

Housing Stability Council Guidance

In our January conversation, we hope that we can unpack the variety of perspectives regarding this rent increase policy to inform recommendations for the next steps on this policy that we plan to bring to the February 2022 Housing Stability Council. In addition to the context laid out in this memo, staff will report on results from a survey of tenants and owners concerning the OHCS Rent Increase Policy. The survey is open to all partners, including tenants and property managers, until January 5, 2022. Lastly, we will be using an executive session following the January Housing Stability Council meeting to allow Council legal consultation with the Oregon Department of Justice, as authorized in ORS 192.660(2)(f).

Staff would appreciate any guidance around next steps or information needs that Housing Stability Council may have in advance of bringing a policy recommendation to the February 2022 meeting.

Next Steps

We hope to follow up on this conversation with Housing Stability Council and come to a final recommendation about whether OHCS should retain a Rent Increase Policy at the February 2022 Housing Stability Council meeting.