

OHCS Preservation Funding Overview

April 2025

Overview

Ensuring that existing affordable housing properties can continue to serve Oregonians with affordable rents is a top priority and one that OHCS stewards through a concerted Preservation Framework. The [Preservation Framework](#) calls out the critical areas of needs and supports prioritizing limited resources to maximize the impact for the state's affordable housing portfolio.

Information in this document is intended to provide clarity to those projects seeking preservation investments about the resources available to support projects as of April 2025. All funding applications are initiated in the Oregon Centralized Application (ORCA) through the intake process, where the project pathway is routed to applicable application and review processes.

Preservation Funding currently open and available in ORCA:

- 9% LIHTC and Preservation: OHCS sets aside 25% of the state's annual 9% Low-Income Housing Tax Credits (LIHTC) to support preservation.
 - o This resource application is currently open; all application materials must be submitted no later than April 24, 2025.
 - o Maximum preservation gap financing for a 9% LIHTC project is \$3,000,000 per project.
 - o More information on [9% LIHTC and Preservation](#) can be found online
- 4% LIHTC and Preservation: OHCS has Private Activity Bonds available to support projects closing in 2025 and 2026.
 - o Preservation projects that do not require paired gap financing from the state can apply in the ORCA to receive a fund reservation for Private Activity Bonds / 4% LIHTC based on resource availability.
 - o Preservation projects that require paired gap financing may apply for the resources available and submit applications that will be considered for future investments to support preservation.
 - The current ORCA funding available for preservation projects is limited, applications will be reviewed on a first-come first-reviewed basis. Current funding will be committed to projects determined to have critical need, based on definition in the Preservation Framework; resources that remain as of May 5, 2025, will be used to make any feasible commitments to applications that have been submitted that meet a high priority for preservation investment.
 - o More [application information](#) can be found online.

Property Stabilization resources currently open and available in ORCA:

- In addition to comprehensive financing to support long-term preservation needs across the existing affordable housing portfolio, OHCS also offers Property Stabilization Investments (PSI) to help address urgent threats to the viability of properties in the OHCS portfolio. These investments are designed to be a flexible

tool of last resort, to be employed only when other resources and strategies have been exhausted.

- Properties that seek PSI can submit applications for funds while resources remain available; you can find the current [ORCA fund availability online](#).
- Additional information on the [PSI resource pathway](#) can be found online.

Manufactured Park Preservation resources currently open and available in ORCA:

- The OHCS resources dedicated to Manufactured Park Preservation remain open in the ORCA; resources that remain without applications as of May 5, 2025, will be used to make any feasible commitments to applications that have been submitted for preservation funds.
- You can find the current [ORCA fund availability online](#).
- Additional information on the Manufactured Park Preservation eligibility is on the [preservation development resources webpage](#).

Other references that might be helpful:

- [Oregon Centralized Application \(ORCA\)](#)
 - o The ORCA manual and webpage provide details on the application pathways. Projects that indicate they are preservation in the initial Intake submission will follow the preservation pathway for moving forward.
 - o Information about getting answers to your question and how to [get in touch with an OHCS Technical Advisor](#) is also on our website
- [2025 Qualified Allocation Plan \(QAP\)](#)
 - o The QAP spells out the process and criteria for LIHTC and includes details related to the 9% LIHTC preservation pathway.
- [2023 Preservation Strategy Framework](#), lays out three categories of preservation of affordable multifamily rental housing each with defined priority levels for funding consideration, from medium to critical (defined in more detail below):
 - Extending or renewing long-term project-based federal rent assistance contracts
 - Affordable properties at risk of converting to market-rate as rent or income restrictions expire
 - Affordable rent-restricted properties at risk of loss due to physical or financial challenges

Preservation Categories, Priorities and Criteria in Detail

Criteria Definitions and Evaluation - At-Risk of Loss: Expiring Affordable Properties

Defining Risk of Loss:

- Property is NOT owned by a nonprofit or public housing authority, OR was acquired from a for-profit owner on short-term bridge financing within the 24 months prior to application, with the intent to preserve the property, AND
- The latest affordability restrictions expire within the next seven years

Rural Expiring Projects:

All rural, for-profit owned properties expiring within the next seven years will be ranked as Critical.

Urban Expiring Projects:	Critical Priority	High Priority	Medium Priority
	properties would meet EACH of these criteria:	properties would meet EACH of these criteria:	properties would meet EACH of these criteria:
Affordability relative to market:	<p><i>Either:</i></p> <p>At least half the units are rent-restricted to 50% AMI or lower or have PBRA attached</p> <p><i>Or</i></p> <p>At least 25% of the units are rent-restricted to 30% AMI or lower or have PBRA attached</p>	<p><i>Either:</i></p> <p>At least 25% of the units are rent-restricted to 50% AMI or lower or have PBRA attached</p> <p><i>Or</i></p> <p>The project includes <i>any</i> units rent-restricted to 30% AMI or lower or have PBRA attached</p>	N/A – All other urban, for-profit owned projects expiring in the next seven years will be ranked as medium priorities
Potential Impact on Tenants:	33%+ of tenant households considered vulnerable (defined below)	33%+ of tenant households considered vulnerable (defined below)	

Note: Expiring projects with federal PBRA will be considered under that category, not as “Expiring” properties.

Criteria Definitions and Evaluation - Properties with federal project-based rent assistance at risk of loss:

	Critical Priority	High Priority	Medium Priority
	properties would meet EACH of these criteria:	properties would meet EACH of these criteria:	properties would meet EACH of these criteria:
Imminent risk to rent assistance:	PBRA at risk within the next 2 years	PBRA at risk within the next 5 years	PBRA at risk within the next 7 years
% of units with PBRA	At least 50% of units have PBRA	At least 50% of units have PBRA	

Imminent risk to rent assistance is defined by the maturity date of the RD mortgage or an application for pre-payment within that time. Projects on short-term HUD PBRA contracts will be evaluated for risk-of-loss on a case-by-case basis and are generally a better fit for the category below.

Criteria Definitions and Evaluation - At-Risk of Loss: Physical & Financial Challenges

	Critical Priority	High Priority	Medium Priority
	properties would meet EACH of these criteria:	properties would meet EACH of these criteria:	properties would meet EACH of these criteria:
Applicant:	Applicant is a CSO	Applicant is a CSO or CRO	
Risk of Loss:	Project is currently at-risk	At risk within the next 5 years	At risk within the next 7 years
Potential Impact on Tenants:	66%+ of tenants considered vulnerable	33%+ of tenants considered vulnerable	33%+ of tenants considered vulnerable

Applicant: Culturally Specific Organizations (CSOs) meet OHCS' definition (see the [ORCA Manual](#)), which focuses on knowledge of, service to, and leadership by a specific community historically least likely to apply for support. Tribal housing organizations are considered CSOs under this criterion. Culturally Responsive Organizations (CROs) are those meeting the OHCS definition, which spells out specific steps organizations have taken to serve diverse client populations and communities, including clients and communities of color. Nonprofits, tribal housing organizations, PHAs, and for-profit organizations can all qualify as CROs.

Risk of Loss: Essentially, this means the property has urgent repair needs and/or operational losses that can't be addressed through existing reserves or cash flow, and those challenges threaten the housing stability and/or health and well-being of tenants. "Currently at-risk" under this definition indicates that the project cannot wait two years for funding. In a worst-case scenario, we could see a loss of affordable housing as

owners take units offline or sell a non-performing property. The ORCA application asks project sponsors to describe conditions of the property that threaten its viability as affordable housing in the near term, and likely next steps if the project is not awarded OHCS funding.

Vulnerable Tenant Households

Risk of loss impacts people differently. We know some categories of tenants would face more challenges than others obtaining an alternative to their current affordable housing, and for that reason, OHCS prioritizes resources that will benefit the most vulnerable tenants, which we define as those that meet both of the following:

- Households that have **Very Low Income** (earning 50% or less of the Area Median Income), **and**
- **One or more of the following is true** of the household:
 - o One or more resident identifies as a person with disabilities (including behavioral health challenges, substance use disorder, etc.)
 - o One or more resident identifies as Black, Indigenous or Person of Color
 - o One or more resident identifies as an immigrant or refugee
 - o Includes one or more children under 18
 - o At least one member of the household is 62 years old or older

The ORCA application includes a tenant survey summarizing tenant demographics, rent restrictions, and rent assistance.

9% LIHTC Tiebreakers across preservation categories

For 9% LIHTC, we will apply the following tiebreakers in this order:

- 1) Projects in the Federal Project-Based Rent Assistance category
- 2) Projects in the At Risk of Loss: Expiring Affordable Properties category (ranked in order of date of expiration of latest expiring restrictions, from soonest to latest)
- 3) Projects in Census Tracts with the highest market rate rents, as published by HUD [intending here Small Area FMRs where available]
- 4) Projects that would preserve the greatest number of rent-restricted units

The tiebreakers would also apply where necessary to resolve priority order in the case of multiple 4% LIHTC applications that were complete at the same time.

Maximizing deployment of resources

To preserve the greatest number of units, OHCS will review and rank projects according to the Preservation framework. Where an application ranked next highest would require more funding than OHCS can make available, we would proceed down the ranked list to the next project we could adequately fund. Any unfunded projects on the “critical” list will stay on the waitlist for additional resource investment, as long as they remain feasible, until we're able to fund them or are removed by the applicant or have other significant changes to scope.