

Affordable Rental Housing: LIHTC in the Oregon Centralized Application (ORCA)

ORCA 2025

Welcome!

Application Team- app.team@hcs.oregon.gov



Objectives and Agenda

Training Objectives:

- Share updates about the 2025 ORCA and LIHTC Program
- Provide information about the application process and timeline

Agenda

- 1:02 Training Overview
- 1:05 QAP Update and LIHTC in the ORCA
- 1:50 General ORCA Updates
- 2:15 Live Q & A
- 2:30 Adjourn

Training Topics

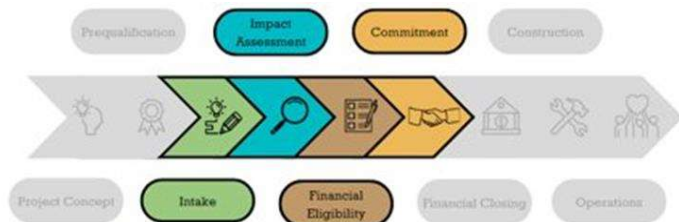
- Qualified Allocation Plan
- LIHTC Eligibility Criteria
- Requesting 4% LIHTC
- Launch Timeline & Key Dates
- Process Differences Between 4% and 9% LIHTC
- Proforma Updates
- Preservation Criteria
- LIHTC Waitlist Information
- ORCA Updates
- Resources & Support
- LIHTC Compliance & Monitoring

Qualified Allocation Plan (QAP)

- Defines criteria for LIHTC allocation
- Unified plan for both 4% & 9% LIHTC
- Updated for ORCA process and streamline with GPGM
- Links to official QAP & LIHTC resources

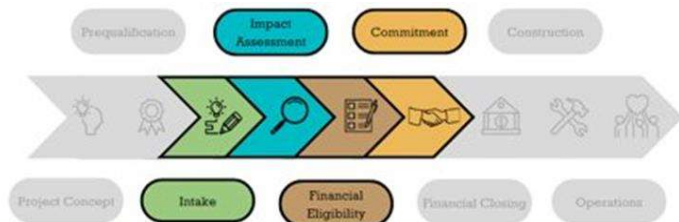
Eligibility Criteria for 4% LIHTC Requests

- Maximum of two active projects per step
- Projects in Impact Assessment count toward limit
- Requesting 4% requires an available project slot



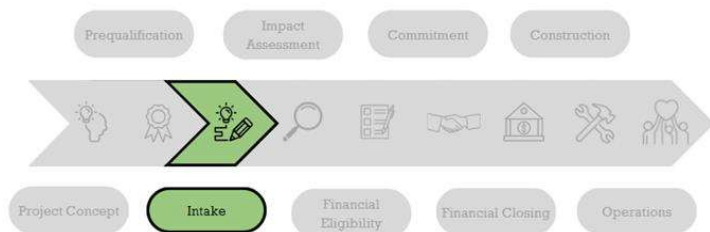
Timing for 4% LIHTC Requests

- Projects that can close in 2025 will be prioritized and reviewed first
- Closing dates are available until **November 20, 2025**
- No closing dates available in December 2025



How to Request 4% LIHTC

- Submit an Intake Form & Select "4% LIHTC"
- Intake is reviewed internally by OHCS
- Applications Team assigns WorkCenter for project application



How to Request 4% LIHTC

Check all that apply

Select

4% Low Income Housing Tax Credit (LIHTC) with Bonds

9% Low Income Housing Tax Credit (LIHTC) (not available until later in 2025)

501c3 Bonds

Agricultural Workforce Housing Tax Credit Credits (AWHTC)

General Housing Account Program (GHAP) / Housing Development Grant Program (HDGP) Grant/Loan

Low Income Fast Track (LIFT) Rental

OHCS Permanent Supportive Housing (PSH)

Oregon Affordable Housing Tax Credit (OAHTC)

Preservation of Manufactured Housing Project Grant (PMDP)

Publicly Supported Housing (PuSH) Seller's Tax Credit

Set-asides for culturally specific housing developers, rural projects, or federally

You have selected a LIHTC funding source, please indicate which funding source you are interested in. *

LIHTC will be available later in 2025. All LIHTC projects will remain with the Applications Team until the implementation of tax credits.

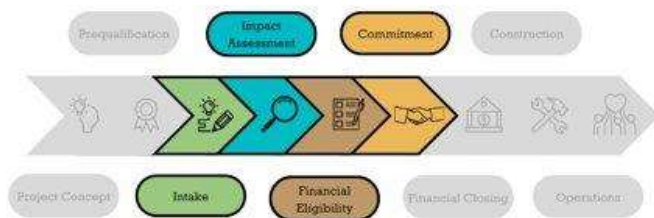
- ☐ 4% Low Income Housing Tax Credit with Bonds
- ☐ 9% Low Income Housing Tax Credit

Please explain why you are considering these funding resources *

Roughly 1-2 sentences

9% LIHTC Overview and Criteria

- Different funding process than 4%
 - Mandatory criteria
 - Supplemental criteria
 - Tiebreakers for funding allocation
- 9% LIHTC request form
- 6-week application window



9% LIHTC Set Asides

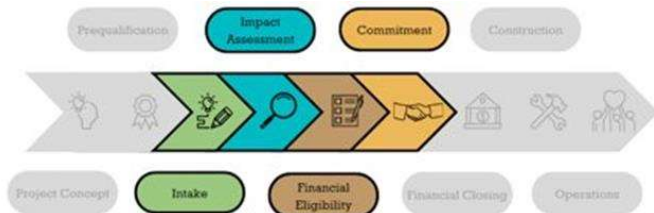
- 25% Preservation
- 10% Native Nations
- 65% Regions

Cross-Cut Set Asides:

- 10% Non-Profit Sponsors
- 10% Culturally specific developers

9% LIHTC Timeline

- 9% Request Form opens on March 13
- Applicants have 6 weeks to submit the 9% Request Form, due April 24
- Depending on volume of applications, notification will occur in June or July
- If selected, applicants will move forward with Impact Assessment



How to Apply 9% LIHTC

- Indicate interest in Intake form
- Submit 9% Request form

Check all that apply

Select

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☐ 4% Low Income Housing Tax Credit with Bonds
☐ 9% Low Income Housing Tax Credit

Please explain why you are considering these funding resources *

Roughly 1-2 sentences



 OREGON HOUSING and COMMUNITY SERVICES
OREGON CENTRALIZED APPLICATION

DRAFT 9% LIHTC Request Form

Projects applying for 9% LIHTC resources must complete this 9% LIHTC Request Form identifying their interest. This 9% Request Form will be available for a minimum of six weeks, and the open period will be announced by OHCS through a Technical Advisory at least two weeks in advance of opening.

This 9% Request Form will be used to evaluate, screen, and, if necessary, rank 9% project applications by the adopted tie-breaker criteria. While it will not include all documentation required for finalizing resource commitments, it will require more information and detail than the general ORCA Project Intake form.

Projects recommended for 9% LIHTC will be required to meet all applicable evaluation standards in the ORCA to retain resource commitment. Information provided in this 9% Request Form and following through the application process constitute application commitments for the project. Such commitments made regarding the character, quality, and financing of a project in the 9% selection process will be enforced during the underwriting process and beyond. Departure from those commitments will trigger reconsideration of the award.

Last Updated 1/8/2025

9% LIHTC Request Form

Have you completed an ORCA Intake form for this project? *

Applicants MUST complete an [Intake](#) form submission for a project prior to submitting this 9% LIHTC Request Form.

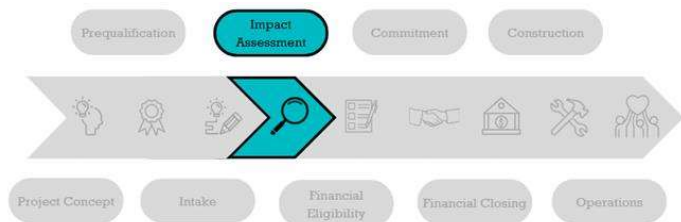
☐ Yes
☐ No or not sure

How many 9% credits are you requesting for this project? *

Please list the annual allocation.

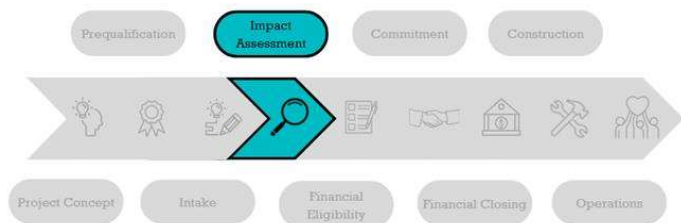
LIHTC Proforma Updates

- Updated Impact Assessment Proforma
 - All Oregon Census Tracts included in a dropdown list to determine if Urban/Rural.
 - Updated Operating Budget tab & OAHTC Calculation tab
 - Consolidated LIHTC Calc tab
- NEW: ORCA Subsidy Calculation Tab
 - Calculates subsidies based on census tract, type of construction, and unit mix



LIHTC Proforma Updates

- Impact Assessment Proforma Data copies to Financial Eligibility / Commitment Proforma
 - Unit mix – including what rents will be restricted at what AMI %'s
 - Expected Project Based Rental Assistance/Vouchers
 - Amenities – Unit & Development-wide
 - Utilities included in monthly rent
 - Populations served/focused on for lease-up
 - Proposed Development Schedule



LIHTC and Preservation

- \$9.9 million available in gap funding for preservation LIHTC
- Preservation projects must meet all the relevant ORCA standards
- 9% LIHTC has 25% Set Aside for preservation
- Preservation criteria outlined in QAP (pp. 15-18), based on specific categories:
 - Federal project-based rent assistance
 - Physical and financial challenges
 - Expiring affordability restrictions



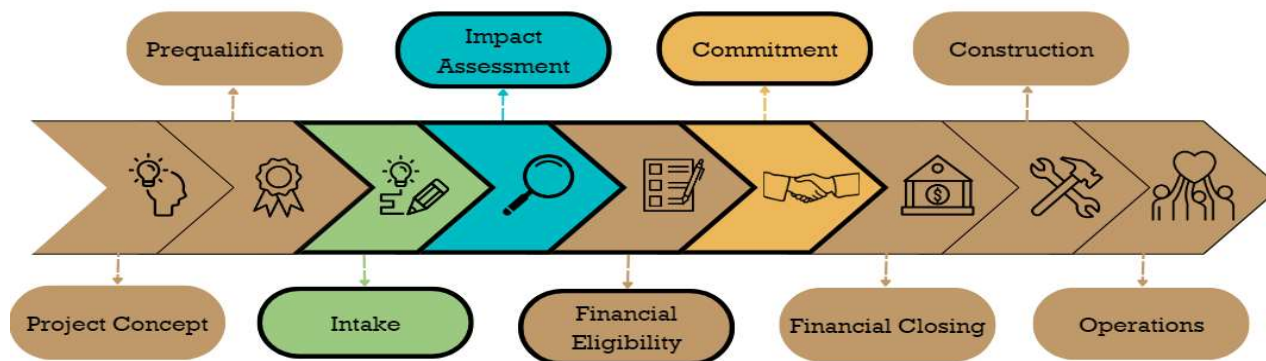
LIHTC Waitlist Process

- Application review & placement
- Moving up the waitlist
- Funding allocation from waitlist



ORCA – Manual Update

- Annual review
- 10-day application cure process
- Waitlist process
- Firmer timeline and performance expectations
- Stronger guidance on compliance and monitoring

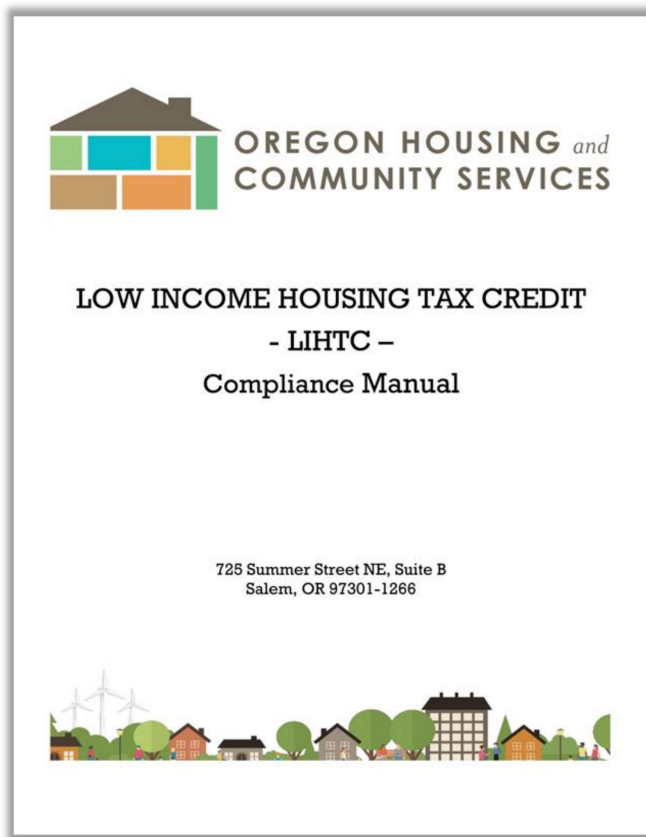


HELP! Resource Tools

- OHCS ORCA Help Page
- Training Videos & FAQs
- Office Hours
- App Team: **app.team@hcs.oregon.gov**
- Technical Advisors: **technical.advisors@hcs.oregon.gov**



LIHTC Compliance Manual



Summary of Changes

- ❖ New Look
- ❖ Updated & Expanded Content
- ❖ New Program Requirements



Overview

- Introduction
- 13 Sections, Multiple Parts per Section

TABLE OF CONTENTS	
Introduction	
Section 01: Program Overview	
Part 1.01	Low-Income Housing Tax Credit (History)
Part 1.02	Various Tax Credit Period Regulations
Part 1.03	Housing and Economic Recovery Act (HERA)
Part 1.04	Tax Exempt Bonds
Part 1.05	American Recovery and Reinvestment Act of 2009 (TCAP and Section 1602)
Part 1.06	Housing Opportunity Through Modernization Act of 2016 (HOTMA)
Part 1.07	National Standards for the Physical Inspection of Real Estate (NSPIRE)
Section 02: Compliance Overview	
Part 2.01	Basic Concepts & Affordability Requirements
Part 2.02	Period of Affordability
Part 2.03	Written Agreements and Regulatory Agreements
Part 2.04	Building Identification Number (BIN)
Part 2.05	Credit, Compliance and Extended Use Periods
Part 2.06	Minimum Set-Aside Requirements
Part 2.07	Minimum Set-Aside Deadlines
Part 2.08	Utility Allowances
Part 2.09	Student Eligibility

Sections

- Section 1 – Program Overview
- Section 2 – Compliance Overview
- Section 3 – Responsibilities: OHCS, Owner & Management
- Section 4 – Federal Regulations and Compliance Guidance
- Section 5 – Income Limits, Rent Limits, Utility Allowances
- Section 6 – Acquisition/Rehabilitation/Resyndication
- Section 7 – Management Agent & Property Management
- Section 8 – Qualifying Households
- Section 9 – Annual Income and Verification Methods
- Section 10 – General Occupancy Guidelines
- Section 11 – Compliance Monitoring
- Section 12 – Noncompliance
- Section 13 – Extended Use Period Monitoring

Section 3 – Responsibilities

SECTION 3: RESPONSIBILITIES

The entities involved in project compliance of the tax credit program include Oregon Housing and Community Service (OHCS), the Owner and Management Agent (O/A), including onsite management personnel. Various responsibilities of OHCS, the Property Owner and the Management Company (O/A) are set forth below.

Part 3.01 – Responsibilities of OHCS

The program is jointly administered by OHCS, the Housing Finance Agency (HFA) authorized to allocate low-income tax credits, and the IRS. Each state receives tax credits on an annual basis, and under IRC §42(h) (3), the amount of credit available to the state for allocation to taxpayers for any calendar year is the "credit ceiling."

Once tax credits are allocated to a property, Low-Income Housing Tax Credit (LIHTC) regulations require OHCS to monitor program compliance on an ongoing basis. OHCS will not assume liability for tax consequences as a result of noncompliance and/or Internal Revenue Service audits. It is the responsibility of the property owner to ensure that compliance with all program requirements and regulations is met throughout the entire affordability period.

The following describes OHCS responsibilities to ensure compliance with the LIHTC Program.

1. Qualified Allocation Plan (QAP)

OHCS is the state agency responsible for administering the LIHTC Program under Oregon Administrative Rule (OAR) Chapter 813, Division 90. 9, and determining which housing projects should receive credits and the dollar amount allocated.

1. Qualified Allocation Plan (QAP)



Parts

SECTION 6: ACQUISITION / REHABILITATION / RESYNDICATION

A property being acquired by a new ownership entity, may be awarded tax credits for the acquisition and rehabilitation (rehab) of an existing building that does not already have tax credits. In the first year, Initial Certifications must be completed to qualify existing households in the Low-Income Housing Tax Credit (LIHTC) Program.

Part 6.01 – Acquisition / Rehabilitation Credit Certification

For projects that have both acquisition and rehab credits, those credits are always earned simultaneously. Section 42(e) (4)(b) of the Code says the applicable fraction for the rehab shall be the applicable fraction for the existing building. The “existing” building means the building that is being acquired.

A property awarded tax credits for both, the acquisition and rehabilitation (rehab) of an existing building, will receive two sets of credits, one for acquisition and one for rehabilitation, and will therefore have two (2) Form 8609s for each building. Neither set of credits can be claimed prior to the date of acquisition, nor prior to the year in which the rehabilitation expenditure requirement is completed. There will be a separate acquisition placed-in-service date and rehabilitation placed-in-service date.

Section 06:	Acquisition / Rehabilitation / Resyndication
Part 6.01	Acquisition / Rehabilitation Credit Certification
Part 6.02	Acquisition / Rehabilitation Certification Requirements
Part 6.03	Rehabilitation (ONLY)
Part 6.04	Transfers or Relocations
Part 6.05	Resyndication

Average Income Test

- On October 7, 2022, the IRS released the long-awaited final regulation (Treasury Regulation 1.42-19), the Average Income Test (AIT).
- Updated OHCS Policy – Under Review
- Newer Minimum Set Aside – multiple income levels
- 20%, 30%, 40%, 50%, 60%, 70%, 80%
- MUST average 60%

New Program Requirements

- NSPIRE – National Standards for the Physical Inspection of Real Estate
New Methodology
- HOTMA – Housing Opportunity Through the Modernization Act
Updated requirements for both Income and Assets, allows for
better streamlining between Federal Programs (HUD)

What Happens Next?

- Updated FAQs
- Multiple Program Guidebook / Crosswalk
- Workshops

Live Q&A

- Please Raise Hand
- Questions and Answers will be added to FAQ

Thank you!

