

Jaime Alvarez, Chair & Designee
Office of the State Treasurer

Rhonda L. Nelson, Designee
Oregon Department of Administrative Services

Theresa K. Deibele, Public Member



**PRIVATE ACTIVITY
BOND COMMITTEE**
867 Hawthorne Ave SE
Salem, OR 97301-5241
(503) 378-4930
Fax (503) 378-2870
DMD@ost.state.or.us

April 10, 2025

TO: Members of the Private Activity Bond Committee

FROM: Jaime Alvarez, Chair
Office of the State Treasurer, Director of Debt Management Division

SUBJECT: Meeting on Thursday, April 17, 2025

The Private Activity Bond Committee will meet on Thursday, April 17, 2025, to discuss the 2025 committee Volume Cap Allocation requests and other agenda topics.

This meeting will be conducted from 1:00 pm – 3:00 pm (estimated end time) via a hybrid system; Microsoft Teams will be used for the virtual meeting side, while the Jim Hill Conference room located at the Oregon State Treasury building will house anyone that would like to physically attend the meeting; see enclosed Public Meeting Notice and Agenda for participation details.

An e-copy of the meeting packet is provided on the [PAB webpage](#). Due to remote working locations of staff, a hard copy is not distributed; please print if hard copy is preferred.

Please contact us at 503-378-4930 if you have any questions.

TAB 1 –

PUBLIC MEETING NOTICE & AGENDA

April 17, 2025

Jaime Alvarez, Chair & Designee
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PUBLIC MEETING NOTICE AND AGENDA

THE PRIVATE ACTIVITY BOND COMMITTEE WILL HOLD A REGULARLY SCHEDULED
HYBRID VIRTUAL MEETING ON

Thursday, April 17, 2025

1:00pm – 3:00pm¹

AUDIO AND VIDEO PARTICIPATION: [Click here to join the meeting](#)

AUDIO PARTICIPATION ONLY: Dial-In Access 971-279-6217
 Dial-In Toll Free 833-213-7399
 Conference ID # 839 294 584#
IN-PERSON PARTICIPATION: 867 HAWTHORNE AVE SE – SALEM

AGENDA¹

- | | | | |
|----|--|---------|---------|
| 1. | Call to Order & Roll Call | 1:00 PM | 1:05 PM |
| 2. | Private Activity Bond Status | 1:05 PM | 1:15 PM |
| | • 2024 Carryforward Summary | | |
| | • 2025 Volume Cap | | |
| | • 2025 Current Allocations | | |
| 3. | <u>2025 Volume Cap Request</u> | 1:15 PM | 2:00 PM |
| | Oregon Housing and Community Services | | |
| | • \$50,000,000, Single Family Mortgage Revenue Bond Loan Financing | | |
| | • Public Comment ² | | |
| | • Vote | | |
| 4. | Adjournment | | |

¹ Estimated times

² Public comment, each person will be restricted to 2 minutes

TAB 2 – PAB STATUS

2024 CARRYFORWARD SUMMARY UPDATE

2025 VOLUME CAP STATUS AND UPDATE

2025 VOLUME CAP ALLOCATIONS

Private Activity Bond Carryforward Allocation History

| ALLOCATION YEAR | ALLOCATED TO/USED BY: | AMOUNT ALLOCATED | USED | Date Closed or Issued | Issuer Remaining / Expiring |
|------------------------|--|------------------|---|-----------------------|-----------------------------|
| 2024 | Oregon Housing and Community Services Department IRC 142(a)(7) and 142(d) | \$134,971,230.00 | | | |
| | Housing Development Revenue Bond (Peaceful Villa) 2025 Series C-1,C-2, C-3 | | \$53,950,000.00 | 2/20/2025 | |
| | Housing Development Revenue Bond (Orchard Apartments) 2025 Series B-1, B-2 | | \$45,300,000.00 | 3/11/2025 | |
| expires: 12/31/2027 | | | | | |
| | Subtotal - OHCS D | | \$99,250,000.00 | | |
| | | | *Verified figures with OHCS D on 4/9/25 | | \$35,721,230.00 |
| | Total | | \$99,250,000.00 | | |

PRIVATE ACTIVITY BOND (PAB) VOLUME CAP

TOTALS

Total Remaining Available to Allocate:

\$50,000,000.00

State Agency Allocation x HB 5005 (2023-25 Session)

| | |
|--|------------------|
| Oregon Housing & Community Services Department | \$450,000,000.00 |
|--|------------------|

\$19,320,503.00

\$430,679,497.00

\$1,000,000.00

\$0.00

\$1,000,000.00

\$451,000,000.00

| | |
|-----------------|------------------|
| \$19,320,503.00 | \$431,679,497.00 |
|-----------------|------------------|

2025 PAB Allocation [population estimate x \$scap/capita]: ¹

FY25 U.S. Census Population for Oregon

| | |
|--|----------|
| | \$130.00 |
|--|----------|

| |
|-------------------------|
| Oregon Total PAB |
| Volume Cap |
| \$555,408,230 |

¹ FY25 U.S. Census Bureau population estimates for July 2024 released late December 2024

Private Activity Bond Committee
2025 Current Allocations
As of 4/9/2025

| State Agencies | Legislative Cap Allocations ¹ | PAB Current Requests | PAB Committee Approved Allocations | Allocations | Meeting PAB Committee Approved Allocations |
|--|--|----------------------|------------------------------------|-----------------------|--|
| Oregon Housing & Community Services Department | 450,000,000.00 | | | 450,000,000.00 | |
| Oregon Business Development Department-- <i>Beginning & Expanding Farmer L</i> | 1,000,000.00 | | | 1,000,000.00 | |
| State Agency Subtotals | 451,000,000.00 | | | 451,000,000.00 | |

Total PAB Committee Allocation² **104,408,230.00 (or \$26,102,057.50/quarter)³**

| Local Government | | | |
|-----------------------------------|-------------------------|-------------|--|
| OHCS | 50,000,000.00 | | |
| | | | |
| Local Government Subtotals | \$ 50,000,000.00 | \$ - | |

| | | | |
|---|--------------------------|-------------------------|-------------|
| Oregon PAB Volume Cap Totals⁴ | \$ 555,408,230.00 | \$ 50,000,000.00 | \$ - |
|---|--------------------------|-------------------------|-------------|

| 2025 Committee PAB Current Allocation Summary | |
|--|------------------------|
| Committee Available Allocation Cap: | \$104,408,230.00 |
| Current Approved: - | \$0.00 |
| Current Requests: - | -\$50,000,000.00 |
| Expired/Returned to Committee ⁵ : + | \$0.00 |
| Potential Remaining Allocation: | \$54,408,230.00 |

¹ House Bill 5005 (2023 Legislative Session for 2023-2025 biennium)

² PAB Legislative Allocation for 2025 + Additional Allocation Based on Census Data & IRS Cap per Capita

³ The Committee agrees to allocate its annual current volume cap in equal amounts throughout the year with any unallocated quarterly portions added to the next quarter.

U.S.Census-Oregon x IRS Cap per Capita = OR Total Volume Cap

⁴ Calculated by multiplying U.S. Census FY25 Population by 2025 IRS Cap per Capita: 4,272,371 \$130.00 \$555,408,230

⁵ Balance of expired/returned 2024 Committee Current Allocations

Any excess resulting from an increase in population and/or dollar cap subsequent to adoption of the bond bill is allocated to the PAB committee for allocation.

TAB 3 -

2025 VOLUME CAP REQUEST

Oregon Housing and Community Services

Single Family Mortgage Revenue Bond Loan Financing

Qualifying IRS 143(a)

\$50,000,000

Project Presentation

Jaime Alvarez, Chair & Designee
Oregon State Treasury

Rhonda L. Nelson, Designee
Department of Administrative Services

Theresa K. Deibele, Public Member



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PRIVATE ACTIVITY BOND ALLOCATION REQUEST

ALLOCATION REQUEST TYPE

Current Year Allocation Request
Carry Forward Allocation Request

DATE:

ISSUER DETAILS

Issuer:

Address:

City, State, Zip:

Contact Name:

Contact Phone:

Contact Email:

PROJECT INFORMATION

Title of Project:

Project Amount:

Bond Amount:

Request Amount:

Sale Date:

Closing Date:

IRC Section & Paragraph Applicable to Qualifying Private Activity Bond Project *(if selecting 'Other', specify below)*:

Please describe the project:

Expected Number of Family Wage Jobs Created/Saved:

Describe how the project meets statutory standards:

HOUSING PROJECT INFORMATION, if applicable

Expected Number of Resulting Housing Units:

Describe how the affordability status of housing units was determined:

If project qualifies for 4% low income housing tax credit (LIHTC), submit a [Low Income Housing Tax Credit Uses & Sources](#) (see sample).

Has either a pre-application package or a final application package been submitted to [Oregon Housing & Community Services for 4% LIHTC](#)?

PRINCIPAL USER OF ISSUE PROCEEDS, if different from Issuer

Company:

Address:

City, State, Zip:

Contact Name:

Contact Phone:

Contact Email:

BOND COUNSEL

Firm Name:

Address:

City, State, Zip:

Contact Name:

Contact Phone:

Contact Email:

*Requests must be received by Oregon State Treasury – Debt Management Division (contact details on page 1) **at least 2 weeks prior to a scheduled Private Activity Bond Committee meeting** and must **include a non-refundable \$200 application fee** payable to the Office of the State Treasurer with “PAB” in the memo field. Payments by wire are preferred; wire instructions can be provided by fax or phone.*



**OREGON HOUSING *and*
COMMUNITY SERVICES**

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

TO: Private Activity Bond Committee

FROM: Andrea Bell, Executive Director
Caleb Yant, Deputy Director
Keeble Giscombe, Director of Homeownership
Natasha Detwiller-Daby, Director of Affordable Rental Housing
Matthew Harris, Capital Markets Assistant Director

DATE: April 2, 2025

SUBJECT: 2025 PAB Current Year Allocation Request

Chair Alvarez and members of the Private Activity Committee,

The following memo is provided to supplement Oregon Housing and Community Service's application for \$50,000,000 in unused 2025 Private Activity Bond (PAB) allocation. The request for the volume cap will support OHCS's single-family lending program, now known as "FirstHome" by allowing approximately 170 Oregonians the opportunity to receive their first mortgage at a below market rate this summer. Currently OHCS is programming it's entire 2025 legislative allocation and 2024 Carryforward allocation towards its multifamily pipeline though the previously described Oregon Centralized Application (ORCA) funding process. The request we bring today factors in all agreed upon needs for housing investments in PAB through OHCS and Oregon's local Housing Authorities in the multifamily space.

Use of resources

Over the past two years OHCS has used its legislatively allocated amount of current year PAB allocation, along with all Carry Forward and Current Year allocations made available to fund the Multifamily Housing Development Revenue Bond Program (Conduit Revenue Bonds) and the Single-Family Mortgage Revenue Bond program (FirstHome). OHCS has acted intentionally to ensure funds have been available to projects across the state to finance affordable rental housing developments that are paired with the federal 4% Low Income Housing Tax Credit (LIHTC). To generate LIHTCs, 50% of project costs are required to be financed with tax-exempt bonds. In 2024 twenty-two projects with 2,262 units of affordable rental housing were financed using PAB and 4% LIHTC resources. To date in 2025, OHCS has funded 3 projects representing 453 units of affordable rental housing.



Current Year PAB Request – April 2, 2025

Since the launch of OHCS’s new single-family lending programs, named “First Home” and “Next Step” on November 1st, 2024, the Department has seen its volume of loan applications increase significantly:

| | 2023/2024 | 2024/2025 |
|----------|-----------|-----------|
| November | 48 | 76 |
| December | 25 | 47 |
| January | 49 | 69 |
| February | 67 | 57 |
| March | 63 | 70 |

The factors driving this increase in volume of loan applications can be attributed to several factors of the new lending programs:

- OHCS has increased the number of participating private sector lenders from 9 to 31
- OHCS has launched general fund supported downpayment assistance secondary loans for borrowers to be paired with their FirstHome loans
- OHCS is securitizing FirstHome loans into Mortgage-Backed Securities, which results in increased security of repayments within the bond program which will result in fewer losses to delinquency and foreclosure along with allowing the Department to reduce required reserves and direct those funds back into direct lending.

Because of this increased demand in FirstHome, which is primarily funded by the use of municipal bonds, the Department is targeting a new bond sale pricing the week of June 2, 2025 and closing by June 23, 2025. The request for \$50M in Current Year volume cap would represent first time home buyer loans for 170 Oregonians, with the Department issuing a smaller amount of taxable debt to supplement additional lending above the 170 loans funded through the PABs to meet the full demand anticipated this summer. The Department may supplement the program through a new taxable issuance later this year, and every dollar of new PABs allows not only the issuance of new tax-exempt bonds, but also allows the Department to blend overall taxable rates down to offer Oregonians below market mortgage rates that would otherwise be challenging to provide.

The Department continues to be committed to fully funding its 2025 pipeline of affordable rental housing projects as its top priority. The Affordable Rental Housing Division is working through its ORCA process to fully allocate all 2024 PAB Carryforward awarded in January of 2025 in addition to the \$450M allocated directly by the 2023 Oregon Legislature. It is not anticipated at this time that the Department will need an additional direct allocation from the Committee for this purpose in 2025. Projects continue to apply through ORCA and the Department remains hopeful that new multifamily projects will utilize a majority of the Department’s available PAB volume cap.

Economic Benefits to Oregonians



Oregon Administrative Rule (OAR) Chapter 170 Division 71 states that the purpose of PABs in Oregon is to “maximize the economic benefits of such bonding to the citizens of this State.” In our current work, OHCS programs meet five of six allocation criteria listed in the OAR, including: supporting projects that increase the number of family wage jobs; promoting economic recovery in small cities heavily dependent on a single industry; emphasizing development in underdeveloped rural areas of the State; supporting development in the State’s small businesses, especially women and minority owned businesses; and encouraging use of Oregon’s human and natural resources endeavors, which harness Oregon’s economic comparative advantages.

In addition to being the primary tool Oregon uses to address the supply of affordable housing, PABs provide economic benefits in the following ways:

Rural Oregonians

PABs enable increased production in rural Oregon. The FirstHome program serves a substantial number of rural Oregonians. In calendar year 2024, 401 loans were funded by bond proceeds 40% of which were in rural communities.

Oregonians of Color

OHCS’s funding offerings strive to promote racial equity. With the launch of FirstHome, the Department not only implemented a new 4% downpayment assistance program, but is also able to offer 5% downpayment assistance to support underserved communities to include communities of color throughout the state.

In addition to working with Partners on investments in affordable housing statewide, OHCS has continued to work on strategies to maximize the impact of each PAB dollar received and reduce the agency over-subreption dependency on PAB resources. Efforts include:

- Exploring the use of 501c3 tax-exempt bonds to create funding strategies outside PAB/4% LIHTC reliance.
- Funding considerations to find opportunities to diversify the states use of gap financing and 9% LIHTC that does not rely on the use of PAB.
- Taxable Mortgage Revenue Bond (MRB) strategies, including the use of “zeroes”, variable rate debt, and interest rate swaps to reduce demand with the Single-Family MRB program for PABs.
- The implementation of “To Be Announced” financed of the Department’s single-family loan programs to again reduce demand on the agency for PABs.

OHCS acknowledges that the PAB Committee faces difficult allocation decisions given the scale of demand for PABs to meet public needs. We also believe that every Oregonian deserve a safe and affordable place to call home, and allocations of PABs for housing are a critical tool in pursuit of that objective. OHCS always stands ready to provide any additional information necessary to inform the Committee’s work with regards to affordable housing for all Oregonians.



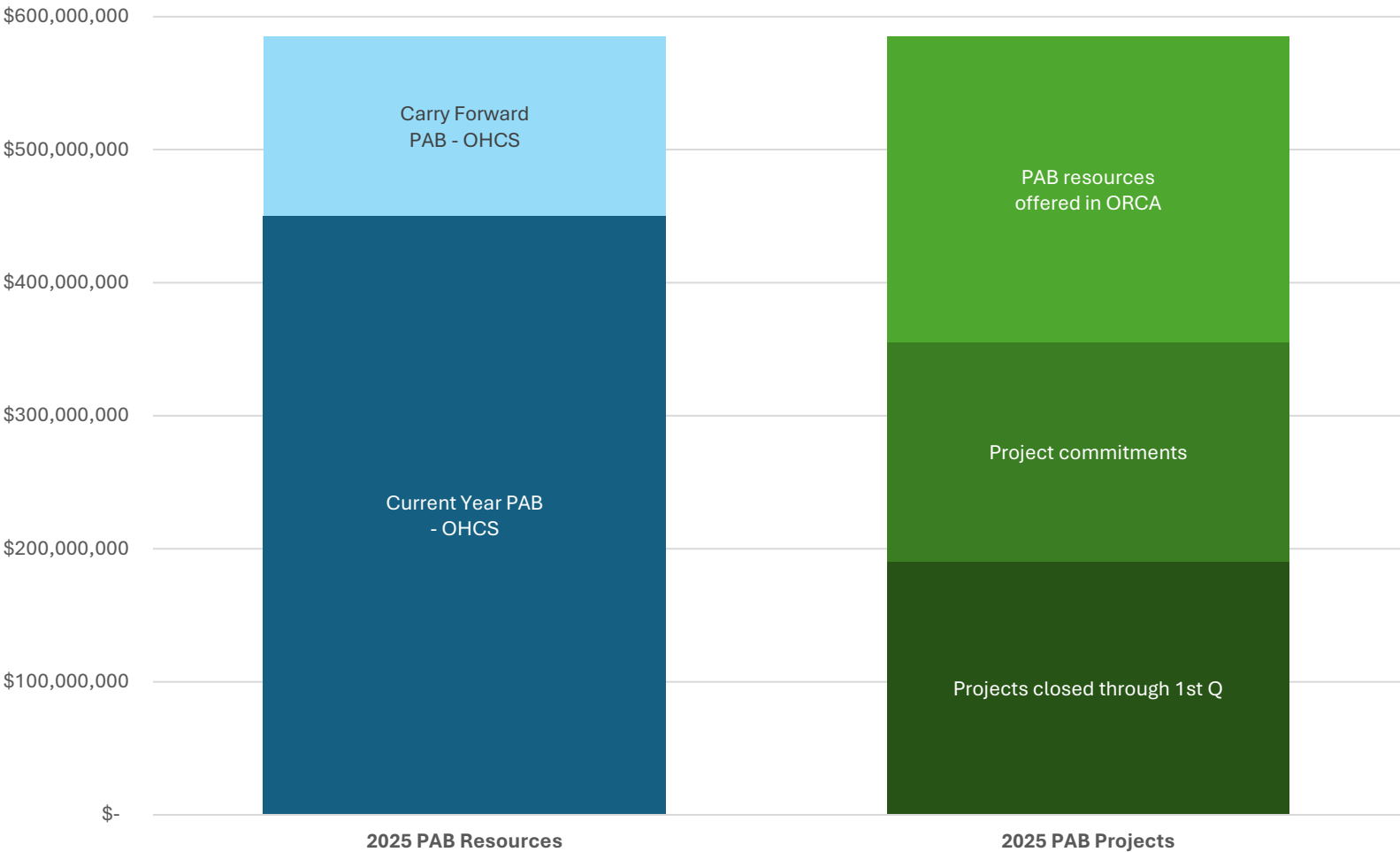


Private Activity Bond Committee

Oregon Housing and Community Services Department

April 17, 2025

Affordable Rental Housing Private Activity Bond Plan for 2025



Projects Closed & Committed To Date

- \$355M PAB
- 10 projects
- 1,456 affordable housing units

4% LIHTC Update

OHCS opened 4% on 3/3/2025. There are 11 projects that have submitted their Impact Assessment application for 4% LIHTC and PAB and these are being actively reviewed by OHCS.

These projects have requested \$222M in LIFT and \$331M in PABs, which exceeds OHCS’s available resources.

Planning to bring project recommendations to the May Housing Stability Council meeting.

Affordable Rental Housing Outlook

Opportunities

- **OHCS's central application (ORCA) now includes PABs and tax credits.** This represents major milestone in how we do business. Projects can access 2025 PAB through ORCA.
- Diversify the states use of gap financing and 9% LIHTC that does not rely on the use of PAB.
- Taxable Mortgage Revenue Bond (MRB) strategies, including the use of “zeroes”, variable rate debt, and interest rate swaps to reduce PAB demand

Challenges

- **High demand for PABs, but gap funding is the limiting factor.** Projects need gap funding (LIFT) to pencil PAB/4% deals; they've requested over \$200M in LIFT yet OHCS has approx. \$100M available.
- **Uncertainties remain in market and federal administration.** There has been public discussion about PABs versus federal budget deficit.
- Construction cost drivers: interest-rates remain high but easing, labor and material costs are not coming down.
- Operational cost drivers: higher costs for insurance and services.

“First Home” Single Family Lending Program

- PAB Request for Single Family Lending “First Home”
- November 2024 OHCS launched Flex Lending’s “FirstHome” product transitioning from our “Legacy” program.
 - FirstHome brings the MBS structure to OHCS’s Bond funded loans as well as transitions OHCS to a single Master Servicer. The MBS structure has the added benefit of allowing OHCS to access TBA markets when appropriate.
- The new product allows for:
 - Down Payment Assistance (DPA)
 - Reduced Barriers for first-time homebuyers
 - Streamlines our process while creating efficiencies
 - Provides higher credit quality of the bond program which lowers reserve requirements which in turn allows more funds to be accessed for program lending.

New Single Family Lending Program

- Since the launch, loan volume has significantly increased.
- Factors Driving this increase:
 - Increased participation from 9 to 31 lenders, 651 loan officers trained;
 - Downpayment assistance (DPA) secondary financing supported general funds to be paired with FirstHome;
 - 4% & 5% DPA is offered with the 5% DPA designed to support underserved communities.
- Rural Oregonians have benefited from the rollout of First Home.
 - 40% of the loans reaching rural communities;
 - It has 27 of Oregon 36 counties since November

Single Family Loan Volume (Reservations)

| | Legacy Program (FY2024) | New Program (FY2025) |
|----------|----------------------------|-------------------------|
| November | 48 | 76 |
| December | 25 | 47 |
| January | 49 | 69 |
| February | 67 | 57 |
| March | 63 | 70 |

Single Family Lending and PAB Usage

- Current funds available from the November 20, 2024 bond sale
 - \$75 Million of New Money (PAB), for a total of \$94.8 million in allowable proceeds to purchase loans.
 - Anticipate fully expending the funds in Mid-July assuming \$6 million in loan purchases per week.
 - Proceeds resulted in the purchase of 183 loans for low-to-moderate income Oregonians at rates below market.
- OHCS has a Bond sale scheduled for pricing the week of June 2, 2025, with a June 23, 2025 close.
 - The sale will include approximately \$20 million replacement refunding, \$50 million tax-exempt new money (PAB), and \$20 million taxable.
 - The \$50 million of PAB's will help 170 Oregonians realize the dream of homeownership.
 - Every dollar of PAB's will also allow OHCS to blend proceeds with taxable bonds and offer rates below market reaching additional low-to-moderate Oregonians.
 - Assuming a similar production volume OHCS will have enough funds to purchase loans through Oct 2025.

Open Discussion