Oregon
Housing and Community Services
John A. Kitzhaber, MD, Governor

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Memorandum

To: Our Stakeholders

From: Julie Cody, Administrator, Program Delivery Division

Date: July 11, 2013

Re: Non-competitive 4% LIHTC Reservation Charge Increase

In an effort to become more aligned with the market and due to higher demand for short term bonds vs. long term bonds, OHCS has undertaken an analysis of its current charges for bond/4% transactions. Our goals are to develop best practices that allow us to be more responsive to the market while aligning our charges with our costs based on each program's body of work.

Due to the results of that analysis, on June 7, 2013 the State Housing Council moved to approve the change of the 4% LIHTC reservation charge from 6.5% to 12% on all existing applications and future applications using OHCS Bonds.

The 4% LIHTC transactions which use private activity bonds that have a PAB committee date set as of July 11, 2013 will not be affected at this time. However, the State Housing Council will be voting on expanding the reservation charge increase to include 4% LIHTC transactions at the August 2, 2013 meeting.

For projects that have submitted completed applications which are now in process, staff may adjust the reservation charge downward to fit within the project's existing budget structure.

By increasing our 4% charges to cover the cost of producing the 4% LIHTC's, we are aligning our charges with our costs which allows us to lower our bond transaction charges. The following charts summarize these changes:

Bond Charges	**Current**	**New**
Application:	$1,500	$1,500
Issuance:	1% long term 1% + 2% short term	< $10,000,000 = 1.5% issuance charge ≥ $10,000,000 = 1.0% issuance charge Issuance charge not to exceed $100,000
Draw Down of Funds:	n/a	Allowed on exception basis ($10,000,000 minimum, additional 0.5% issuance charge)
DOJ:	$10,000	Included in issuance
Treasury:	$10,000-$20,000	Included in issuance

EQUAL HOUSING OPPORTUNITY

4% LIHTC Charges	Current	New
Application:	$25 per unit	$25 per unit + $1,500 per additional site (scattered site properties)
Recipient :	$2,500	$2,500
Reservation:	6.5%	12%

An analysis of our current pipeline shows that transactions using OHCS bonds and 4% LIHTC's are receiving a reduction in bond charges that is consistently larger than the resulting increase to the LIHTC charges. This results in a net reduction in transaction charges for projects using OHCS bonds.

The current review of charges for bond/4% transactions did not include a review of asset management and compliance charges. These charges will remain the same for now as OHCS continues its analysis of all multi-family program charges.

Please send your questions to teresa.pumala@state.or.us prior to July 25th for consideration at the August 2, 2013 State Housing Council meeting.