

# DRAFT

Issue	Impacts	Issue Overview	Draft 2016 QAP / NOFA elements
<b>Priority Letters</b>	9% LIHTC	Requiring letters from jurisdictions over 10,000 disadvantages small communities, creates multiple letters within same counties, and can be used as a tool to support NIMBY actions	<p>Letters will not be included among scored elements in 2016 NOFA</p> <p>Ties to local and community plans will remain aspects included in scoring to ensure local connections</p> <p>FUTURE ACTIONS: OHCS Integrators and Oregon Housing Stability Council to identify means of collaborating with regional entities to identify alternate way of prioritizing housing investment.</p>
<b>HOME leverage point</b>	9% LIHTC	Currently only projects in the Balance of State received this point based on application; should be accessible to all	Projects in all regions will receive a point for any committed leverage of Federal Funds; in Balance of State projects will receive this point if acceptance of HOME as gap funding source is included in application for funds
<b>QCT / Low Poverty points</b>	9% LIHTC	Currently 4 points if located in one of these identified areas; is a big sway and impact on scores and should include more variables. Not enough target areas in much of the Balance of State.	<p>Points will be less than 4 for being in a QCT or Low Poverty Tract, and additional factors will be included to target both Areas Vulnerable to Gentrification as well as Opportunity Areas, ensuring target areas are not clustered solely in urban areas, including:</p> <p>Vulnerable Gentrification Areas:</p> <ul style="list-style-type: none"> <li>- Revitalization Plan</li> <li>- Qualified Census Tracts</li> <li>- High % Communities of Color</li> <li>- High % Low Educational Achievement</li> <li>- High % Renters</li> </ul> <p>Opportunity Areas:</p> <ul style="list-style-type: none"> <li>- Low Poverty Census Tracts</li> <li>- High Ratio of Jobs to Population</li> <li>- Below Average Unemployment</li> <li>- High scoring schools</li> </ul>

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<b>9% LIHTC Cap</b>	9% LIHTC	<p>Current cap of 10% of annual funds made available restricts the size of projects submitting for funding and creates more projects coming in for different phases of projects which does not incent efficient building</p> <p>Important to diversify the sponsors the credits are invested with, to ensure distribution and performance.</p>	<p>Sponsor may submit an application requesting more than 10% of the annual funds if they also submit a pro forma demonstrating a 4% LIHTC/Bond transaction is infeasible.</p> <p>A single sponsor is limited to receiving no more than 20% of the LIHTC funds in any year. If additional projects have been submitted in excess of 20% of the funds the lower scoring projects would be deemed ineligible.</p> <p>A single sponsor is prohibited from receiving more than 15% of any 2 sequential years of LIHTC funds; any fund requests in excess will be deemed ineligible.</p>
<b>Basis Boost</b>	9% LIHTC	Lack of certainty when applying to use the state basis boost	A pre-application process will be developed to address this issue; it will be due within 30 days of application release
<b>Affordability Period</b>	All programs except 4%	60 year affordability standard is beyond the useful life of many buildings and in the case of OAHTC is beyond the length of the subsidy	<p>OAHTC affordability to be called out specifically as restricted to 20 years; 4% LIHTC to remain at 30 years affordability.</p> <p>Internal policy will be developed which ensures the practice reflects intent of the original motion and allow for adjustments in rent levels at 30 years to ensure ongoing project viability, through the 60 year period.</p>
		<p>State Housing Council Motion, 2/11: <i>Owners of rental housing developments receiving OHCS grant or loan resources (excluding projects funded solely with bond/4% tax credits), will be required to maintain the property as affordable for a minimum of 60 years. Affordability terms will be secured by a deed restriction. Owners of developments where rental assistance contracts are due to expire must apply for and if approved, accept rental assistance contract renewals. On LIHTC projects with subordinate loans, OHCS will not unreasonably withhold adjustments to the affordability requirements as it relates to the term or rent levels in order to maintain status of such debt as a loan and avoid triggering such debt as a grant. Modifications will be allowed to the extent necessary such that all subordinate loans can demonstrate ability to be repaid or refinanced at maturity. Other exceptions or modifications will be subject to review by the director, with approval by the Housing Council, and may include recapture of invested funding and appreciation.</i></p>	

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<b>Method of Award</b>	All OHCS funds excluding LIHTC and OAHTC	With reductions in funds for housing, and with a thought to state investment, it is inconsistent to choose to grant funds that could be loaned (and are loaned in most other states).	Beginning in 2016 funds from OHCS, aside from LIHTC and OAHTC, will be treated as loans. Loans to the ownership entity will be underwritten using a 1% interest rate, 20 year loan term, and hard payments will be based on projected cash flow in excess of a 1.15 DCR as determined at final application.																					
<b>Restrictive Covenants</b>	4% and 9% LIHTC	Funding the same projects within their affordability period impedes investment in new projects.	Projects receiving LIHTC will be restricted from another LIHTC award for 20 years.																					
<b>Operating Expenses &amp; Replacement Reserves</b>	All programs	Guidelines are not realistic for all projects	Pending state comparison report being performed by Novogradac and Company.																					
<b>Developer Fee</b>	All programs	Clarity needed regarding OHCS policy on developer fee calculations	<p>Proposed revised developer fee; based on consultant recommendation:</p> <table border="1" data-bbox="1033 781 1423 1024"> <thead> <tr> <th></th> <th>% rehab</th> <th>minimum</th> </tr> </thead> <tbody> <tr> <td>9%</td> <td>17%</td> <td>\$750,000</td> </tr> <tr> <td>bond</td> <td>20%</td> <td>\$1,000,000</td> </tr> <tr> <td colspan="3"><hr/></td> </tr> <tr> <th></th> <th>/unit</th> <th>minimum</th> </tr> <tr> <td>9%</td> <td>\$22,000</td> <td>\$400,000</td> </tr> <tr> <td>bond</td> <td>\$25,000</td> <td>\$600,000</td> </tr> </tbody> </table>		% rehab	minimum	9%	17%	\$750,000	bond	20%	\$1,000,000	<hr/>				/unit	minimum	9%	\$22,000	\$400,000	bond	\$25,000	\$600,000
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<b>Social Equity</b>	9% LIHTC	Current competitive scoring criteria does not acknowledge social equity issue or incentivize expanded outreach	<p>In addition to adding Vulnerable to Gentrification Communities and Opportunity Area geographic targets (described under QCT/Low Poverty areas above), additional points will be awarded to those projects that choose to develop more extensive Affirmative Fair Housing Marketing Plans, including:</p> <ol style="list-style-type: none"> <li>1- Continuous outreach programs that would be conducted to maintain a well-balanced waiting list that will assure the meeting of the affirmative marketing goal at all times;</li> <li>2- Outreach plan detailing how they intend to market and attract underserved populations to the project; including persons with disabilities and minority households, and based on strong demographic data that informs the targeted outreach efforts.</li> <li>3- Maintenance of a log of community contacts, daily traffic records, and any other record keeping materials for inspection and a copy of the Affirmative Fair Housing Marketing Plan will be kept on site.</li> </ol>
<b>Resident Services</b>	9% LIHTC	Extensive weighting of resident services in scoring disadvantages those locations with few referral services as well as those projects serving populations that are not service dependent	Pending recommendation from State Housing Council
<b>Cost Containment</b>	9% LIHTC	Current cost containment measure is informative only; does not incent lower cost projects	<p>Total Development Cost (TDC, excludes acquisition)/ Residential Square Foot of all projects that apply in a given year; medians are calculated based on urban vs balance TDC limit selection in threshold</p> <p>Example Scoring:</p> <ul style="list-style-type: none"> <li>- Projects more than 15% above the median receive 0 points</li> <li>- Projects within 15% above and 5% below the median receive 1 points</li> <li>- Projects more than 5% the median receive 2 points</li> </ul>

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<b>Roles</b>	4% LIHTC	Unclear what roles OHCS takes when OHCS is not the bond issuer	OHCS will issue both letters  M letter will be re-drafted to allow for an update of credits at 8609
<b>Other Changes</b>			<ul style="list-style-type: none"><li>- HUD 811 language will be included for 9% LIHTC</li><li>- Market Study will be required by Carryover instead of Equity Closing</li><li>- 9% Tie Breaker policy to be updated to focus on elements of federal preferences and state priorities instead of general need and impact score totals</li></ul>