MEETING MATERIALS PACKET

Bascom Village Phase I
Eugene, OR 97232

November 6, 2015
9:00 a.m.
Oregon Housing and Community Services
Conference Room 124
725 Summer Street NE, Salem OR 97301

OREGON STATE HOUSING COUNCIL

MEETING MATERIALS

NOVEMBER 6, 2015

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OREGON STATE HOUSING COUNCIL

Council Members:
Aubre L. Dickson, Chair
Mayra Arreola
Tammy Baney
Michael C. Fieldman
Zee D. Koza
Marissa Madrigal
Adolph "Val" Valfre, Jr.

AGENDA
November 6, 2015
9:00 a.m.
Oregon Housing and Community Services Room 124
725 Summer Street NE, Suite B
Salem, Oregon 97301
Call-In: 1-877-273-4202; **Participant Code**: 4978330

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1. Roll Call

2. Public Comment

3. Draft Meeting Minutes for Approval
   September 11, 2015
   October 2, 2015

4. Residential Loan Program Consent Calendar –***Kim Freeman**, Single Family Section Manager*

5. Goals, action items and next steps for HUD Consolidated Plan 2016-2020 – ***Shoshanah Oppenheim**, Federal Planning and Policy Manager*

6. Veteran's Housing NOFA Award Recommendations – ***Heather Pate,** Multifamily Section Manager*

7. QAP process update and final policy recommendations for Council approval – ***Julie Cody,** Assistant Director, Housing Finance*

8. LIFT Subcommittees Progress Update – ***Margaret Van Vliet**, Director*

9. Report of the Director

10. Report of the Chair

September 11, 2015
Public Meeting Minutes – [DRAFT]

Call to Order and Roll Call
Chair Aubre Dickson called the September 11, 2015 State Housing Council meeting to order at 9:07 a.m. and asked for a roll call.

HOUSING COUNCIL ATTENDANCE				
Present				
Aubre Dickson, Chair	Tammy Baney	Zee Koza	Marissa Madrigal	Val Valfre
Not Present				
Mayra Arreola	Mike Fieldman			

Public Comment
Chair Dickson opened the meeting to anyone wishing to provide public comment.

- **Josh McCulloch**

McCulloch provided comment to the Council regarding their recent decision to approve funding for The Oaks housing project in Eugene. McCulloch advised Council members that he has been a member of the Churchill community for 16 years and has children in athletic programs in the area and expressed his disappointment with their decision to approve funding for a housing development project for criminals, specifically sex offenders, so close to so many children. He stated that there is already a high level of crime in the area fears, with this sort of project, crime will greatly increase. It is his hope that the next time the location is better thought out.

- **Mary McCulloch**

Mary McCulloch, provided comment to the Council regarding their recent decision to approve funding for The Oaks housing project. McCulloch explained that the region already has high incidence of crime, she has been a resident of the community near the housing project for 11 years, and her family personally experienced violent crime when her daughter was threated during a home invasion 14 years ago McCulloch insisted that the city purchase back the land designated for this project to build a library or children's center instead.

On behalf of the Council, Chair Dickson expressed condolences to McCulloch for what she and her daughter have endured. He assured McCulloch that the Council takes issues related to neighborhood safety very seriously. Chair Dickson noted that this facility is not simply housing, but housing with services, such as surveillance and parole officers on site. Reentry housing projects that incorporate critical resident oversight and rehabilitation services often report less crime than market-rate housing in the same area.

Dickson explained that all projects go through rigorous internal and external evaluation processes before funding awards are recommended to the recommendations are brought forward. This project was thoroughly vetted and the Council remains confident in their decision to approve funding.

With no further comments, Chair Dickson moved to the next agenda item.

Draft Meeting Minutes for Approval - *July 17, 2015*
Chair Dickson requested any comments or revisions to the draft July 17, 2015 meeting minutes; Council members offered none. Chair Dickson requested a motion.
<u>Motion:</u> Val Valfre moved and Zee Koza seconded that the Housing Council approve the July 17, 2015 meeting minutes.
<u>Vote:</u> In a roll call vote the motion passed without dissent.

<u>Single Family Residential Loan Program Consent Calendar</u>
Kim Freeman, OHCS Single Family Section Manager, introduced herself and pointed Council members to the Single Family Residential Loan Program property and loan information related to three loans requiring their approval. Freeman that monthly mortgage payment information associated with each loan has been added to the briefing materials in response to Chair Dickson's request, made at the Housing Council meeting in May.
Questions/Discussion:
Tammy Baney expressed her concern about the financial stability of the recipient families. She stated that, after reviewing the materials (mortgage loan amount, and household income and size etc...), she's worried the household income would be stretched too thin leaving no buffer for unexpected expenses (e.g. car breakdown or medical bill). Baney asked staff to provide more detail about the process used for pre-approving recipients.

Freeman answered that all recipient qualifications (debt-to-income ratios etc.....) are processed by approved lenders and the loans are underwritten by the lender, in accordance with national, industry guidelines and standards (i.e. Freddie and Fannie guidelines). Freeman, assured Council members that most of the recipient first-time homebuyers have gone through some homebuyer education training, offered by our partner Housing Centers throughout the state and national statistics show that homeowners that have taken homebuyer education are better prepared to manage the responsibilities associated with a mortgage.

Director Van Vliet thanked Baney for her question and acknowledged he desire to provide Council members with more background information regarding how the single family finance programs work and the goals/outcomes associated with them. To that end, Van Vliet pointed out that a re-introduction and overview of the Single Family programs has been added to the agenda projection.

With no further questions or comments, Chair Dickson requested a motion.
Motion: Tammy Baney move,d and Val Valfre seconded, that the Council approve all three loans in Jackson County, Multnomah County, and Deschutes County.
Vote: In a roll call vote the motion passed without dissent.

<u>Meyer Memorial Trust Cost Efficiencies Workgroup Draft Report</u>
Julie Cody, OHCS Assistant Director for Housing Finance, introduced three members of the Meyer Memorial Trust Cost-Efficiencies Workgroup: Michael Parkhurst, Affordable Housing Initiative Program Officer, Meyer Memorial Trust (MMT), Gina Leon, US Bank, and Jill Sherman, Gerding Edlen

Development. The presenters will be providing the Council with an overview of the workgroup processes and summary of initial findings.

Parkhurst provided Council members with some background on MMT's Affordable Housing Initiative. He stated that MMT is in year-two, of their five-year Affordable Housing Initiative (AHI), which is organized around three goal areas encompassing eight funding strategies, outlined below.
Strengthen the foundation: Build on previous investments to strengthen the long-term health and sustainability of Oregon's existing affordable housing.

- Preservation: Preserve federally subsidized rental units at risk of being lost.
- Rural housing: Preserve rural owner-occupied manufactured homes.
- Sustaining portfolios: Strengthen the long-term health and sustainability of Oregon's existing affordable housing stock.

Foster innovation: Catalyze innovative strategies to increase the availability of affordable housing and support residents' stability and success.

- Cost efficiencies: Develop models for creating and preserving affordable units as cost effectively as possible over the units' life span.
- Private market units: Expand low-income renters' access to safe, decent, affordable housing through existing private market units.
- Systems alignment: Support the stability and success of affordable housing residents by fostering strategic coordination between housing and other service systems.

Secure the future: Develop resources and policies that will expand the availability of affordable housing into the future.

- Advocacy: Systems change and advocacy to increase the availability of affordable housing.
- Investment: Explore innovative and opportunistic uses of PRIs to spur the development and preservation of affordable housing in under-served areas.

Cost Efficiencies Workgroup
Meyer convened the Cost Efficiencies Workgroup in October of 2014, with the following goals in mind:

1. Clear explanation of the factors that drive the cost of affordable housing,
2. Recommendations for policy changes, and
3. To advise MMT on potential Pilot/Demonstration projects to explore new approaches to lower-cost development.

The 16-member workgroup, included architects, consultants, nonprofit developers, and lenders, met nine times over the last twelve months.

Parkhurst shifted to the workgroup presentation aimed at providing an overview of the workgroup's key findings, summary recommendations and general next steps; the final workgroup report is nearing completion with an expected release date of October 1, 2015. Parkhurst extended thanks, on behalf of MMT to every member of the workgroup for the time, attention and thought put into this work.

The PowerPoint presentation can be found on the State Housing Council website under the September 11, 2015 meeting materials.

Questions/Discussion:
Marissa Madrigal expressed her appreciation for the thoughtfulness and the attention to detail that went into this work; she specifically referenced the caveats about the complexities of cost because this work also applies to long term societal costs.

Val Valfre all recognized the thoughtfulness that went into selecting the workgroup. Valfre was also pleased to see the degree to which the draft report captured difficulties and challenges still needing to be addressed.

Tammy Baney asked if next steps have been articulated with regard to implementing the recommendations.

Director Van Vliet responded that she hopes to cover next steps related to implementation as part of the 2016 Qualified Allocation Plan process update and discussion later in the meeting.

Van Vliet assured Parkhurst and the Council that the Department recognizes the workgroup's recommendations to OHCS, specifically (*see* pages 26-27 of the PowerPoint) and that the recommendations align with the work of the transition plan project and agency redesign. Van Vliet went on to address Parkhurst's reference to a need for a culture change at OHCS; the Department agrees and work is currently underway to shift from a regulatory to a collaborative, problem-solving focus. Balancing our fiduciary duty to be good stewards of public dollars with the need to make those dollars stretch as far as they can.

Chair Dickson agreed; and, added that he appreciated that the workgroup didn't just stick to the development side of affordable housing but also those areas that are still greatly struggled with regarding funding.

Jill Sherman, Gerding Edlen Development, provided one last comment for consideration regarding developer fees associated with affordable housing deals. Acknowledging that the developer fees are often high and that high developer fees are a contributing factor in the cost of affordable housing, Sherman encourages the Department to look at the fee in a broader context before implementing new restrictions. She further cautioned the Department to guard against unintended consequences (e.g. shutting certain developers out of the process entirely and/or negatively impact non-profit developers).

Chair Dickson suggested that there may be a way to determine reasonable developer fees based on the cost to get a project off-the-ground and the cost to operate .

CSBG State Plan Application Overview
Claire Seguin, OHCS Assistant Director for Housing Stabilization introduced herself and provided Council members with a brief overview of the Community Services Block Grant (CSBG) program. OHCS receives an allocation of approximately $5 million per year, 90 percent of that allocation is passed through the agency to Community Action Agencies (CAAs). OHCS partners with the Community Action Partnership of Oregon (CAPO) to provide training, technical and communications assistance. The remaining ten percent is split between administration and discretionary funding sources.

The Department has convened an ad hoc CSBG workgroup to work through several program and policy changes to the CSBG program. Due to all of the changes taking place, the agency has decided to implement a one-year State Plan rather than the traditional two year plan; over the course of the year staff will:

- evaluate, in more detail, all of the implications of program changes;
- develop an effective, systems- approach to deploying CSBG funds, that includes identified outcome measures and alignment opportunities maximize leveraging public funds .

CSBG funds are utilized to support local services related to employment, education, income-management, housing, emergency services, nutrition linkages, self-sufficiency, and health programs; this wide variety of CSBG-funded programs generates a lot of success stories. Seguin asked Council member, Marissa Madrigal to share a success story on behalf of Multnomah County.

Madrigal informed Council that the Stability Initiative is the CSBG program in Multnomah County and Action for Prosperity is their CAA partner. These programs are a combination of work for training, housing assistance, and benefits coordination.

- **<u>Success stories from Multnomah County</u>**

The first story is of a client that applied for rental assistance in 2012. This individual had a part time job as a cashier which did not provide enough income for three people. This family received rental assistance from CSBG Case Management which allowed the individual to continue in their education at Mount Hood Community College. In two months they will receive their AA degree in machine tool technology. They were connected with scholarship opportunities that have helped cover tuition expenses that were provided by financial aid. Their current part time employment in their education field will be turned into full time after graduation.

The second story is about J and G who had been homeless for six months and turned to Multnomah County for assistance. The couple had three children that had been going between living in their car and staying with friends. They had to leave their previous residence due to domestic violence with a family member.

J had obtained a full time job as a CNA and was making a livable wage, but not enough to save up for permanent housing. J had a poor credit history and G had a criminal record which made finding housing a challenge. Multnomah County assigned a case manager to work with J&G and after working with their case manager through CSBG they were able to find a landlord that was willing to work with them, assistance with their living costs, and a referral to the Community Warehouse.

The third story was about B, a disabled grandmother who took in her four grandchildren after she discovered that they had been neglected and living on the streets in California. Her small one bedroom apartment in Gresham was not big enough. B was able to work with a case manager whose position was funded through CSBG funds and the SUN program to secure housing and enroll all of the children in a local school that provides additional case management assistance. This family now receives with rent assistance from the school's housing and stability program, funded by Home Forward. The children are now thriving in their new home and school.

Questions and Discussion:
Tammy Baney mentioned that the fact sheet indication $5 million for the state of Oregon as $5 million is not enough. is that the five million for the state of Oregon won't be enough. Baney asked if the percentage of Oregonians shown as both "served" and "in poverty" on the handout was an accurate reflection of She questioned that if 72 percent of the families served were in poverty but there is a greater percentage still needing assistance in Oregon and there is still a great amount of need. She would hope that the federal partners can be made aware that the success being made might actually not be nearly enough.

Seguin advised Council members that she is meeting with national CSBG representatives and assured the Council that she will share information with the national group.

Chair Dickson asked if there is any news on how much of an allocation OHCS is expecting for next year's budget

Seguin replied that the Budget has not yet been release for CSBG. .

Chair Dickson asked what Council members can do to help advocate and support the need to make State and Federal agencies aware that while the CSBG has been successful, there needs to be much more help?

Seguin answered that she will meet with National CSBG and continues working with the ad hoc workgroup to determine the best way for the Council to engage.

Val Valfre showed appreciation for the stories that were shared and the outstanding work that has been done. He also mentioned the great work that the Community Warehouse has done with providing necessities to veterans.

Legislatively Adopted Budget Overview
Caleb Yant, OHCS' Chief Financial Officer introduced himself and began discussion of the Department's Legislatively Adopted Budget and OHCS' updated forward-allocation approach. In a few weeks, the official thousand page budget will be made available.

Yant provided an overview of the 2015-17 Legislatively Adopted Budget summary provided to Council members. The LAB summary can be found on page 24 of the meeting packet posted on the State Housing Council website under September 11, 2015 meeting materials.

Questions/Discussion:
Tammy Baney asked how the agency captured limited duration (LD) positions and if there was a standard practice for how to utilize LD positions?

Yant responded that a couple of individuals were limited duration, most of which were part of the Oregon Homeownership Stabilization Initiative, which is winding down so that number is continuous reduced. All other OHCS positons are regular staff positions.

Baney then stated that it works better for an organization if they hire employees versus doing limited duration.

Yant replied that OHCS utilizes LD positions to staff programs that are not permanent the agency knows will not be permanent (e.g. the Foreclosure Mediation Program was funded for a specified period at the time of inception with the expectation that it would serve a specific need/population during that time).

Chair Dickson asked that someone explain the CASA program.

Baney explained that CASA, stands for Court Appointed Special Advocate for children. CASA members are volunteers; they serve as case managers and the eyes and ears for the court, acting on behalf of the best interests of the child.

Director Van Vliet informed that CASA is a part of Oregon Volunteers, which was added to OHCS for administrative reasons many years ago. The original thought was that there was a nexus between the community services part of what the agency does and the volunteerism that Oregon Volunteers engages in. Each had a separate board that was appointed by the governor. The legislature asked that OHCS and Oregon Volunteers come back in the February short session with a plan for where the permanent home for Oregon Volunteers should be.

Marissa Madrigal asked what percentage of the “cut” positions moved elsewhere versus were just cuts?

Yant answered that a large portion of that was the Homeowner Stabilization Initiative. There were 37 limited duration positions that went down to 10 in the 15-17 budget. The other significant portion represents administrative staff reductions within Central Services.

Val Valfre asked if another department took over the Foreclosure Avoidance Program since he noticed that there is still a budget designated for them.

Yant stated that there was a limited duration position for the 13-15 biennium which has been dispersed into Single Family and Central Services.

Madrigal asked where the OHSI funds live.

Yant replied that OHSI is managed by OAHAC, a nonprofit, which means that they have their own set of books.

Director Van Vliet asked where CSBG funds are located.

Yant explained that they are under homeless services.

<u>Forward Allocation Framework Update</u>

Caleb Yant, OHCS Chief Financial Officer, shifted his focus to the memorandum, explaining that the memo is intended to follow-up on the Department's progress since the initial forward-allocation conversation March during the Council meeting in which the council approved a substantially larger amount than had been approved in previous years. There was a specific question about the agency's ability to forecast future funding availability in future years. A shift occurred in allocation methodology to make resources available for use as quickly as possible. The department was beginning to commit anticipated future receipts rather than wait for revenue to be received prior to making the funding available.

The strategic framework resulting from transition planning efforts put a heavy emphasis ensuring a financially sustainable business model. Specific goals articulated for the first year resulted in new management reporting that provides financial oversight in two key areas.

By tracking the funding streams, the reports outline the performance and availability of all funds. They provide the Department visibility and accountability regarding what each funding stream is being used to pay for, ensures accountability to the spend down rate of each funding stream, and ensures staff members across the agency agree on available and committed cash balances.

Tracking and projections of program expenses are reports that provide transparency and predictability to the true cost of running each program regardless of the source of funding used to pay for the costs. The true costs consist of expenses directly charged to a program or any shared cost that is allocated to a program. These reports track any subsidization received in programs and the type of funding used to provide the subsidization. They also forecast future costs, anticipated subsidization, and specify the funding that will be used to provide the needed subsidization.

Questions and Discussion:
Tammy Baney stated that in term of reserves, dollars are a direct service and those services need to get to the ground as soon as possible. She asked if it can be explained how some of the funding streams have restrictions in terms of what the reserves seem to be?

Yant replied that some money goes out the door that comes back in through home repayments or through some other avenue, and it's very flexible dollars. The fiscal department works with the program department to make sure there is an understanding of what the agency has and what needs to be done.

Director Van Vliet expanded by explaining that there are times when a project has an unanticipated cost that comes up. It's important to hold back enough funds in the event that there are issues that arise. The system with Caleb's leadership in which the program managers can have real time information to understand clearly what is going on is very important to running things smoothly.

Val Valfre asked if there is a matrix for the Council to see that will show whether or not the predictability is prudent and to see if in the next year there will be cut backs because the agency has been too generous in predicating revenues.

Yant responded that the agency is in the middle of compiling that sort of information into an executive summary that can be tracked to determine how accurate the projections are.

2016 QAP Process Update and Discussion

Julie Cody, Assistant Director of Housing Finance with OHCS intruded herself and Mark Shelburne from Novogradac and Company LLP. The company is working with OHCS to look at ten other states and how they put together their Low Income Housing Tax credits. They are also helping to put together the draft for the next Qualified Allocation Plan (QAP).

Agency staff is working hard to meet the aggressive timeline adopted to update the 2016 NOFA and QAP. Cody wanted Council member to know that the Department is looking for meaningful input. Three roundtables with stakeholders have been held thus far. The meeting with lenders and investors was well received. The 9% LIHTC stakeholders will meet on the 18th of September and will include any information the Council members provide. The 4% LIHTC/Tax-Exempt Bond have met, however there is not a lot of content about the 4% that will be included in the QAP.

The QAP will be presented during the October State Housing Council meeting with a recommendation that the document be released for a 30 day public input comment period.

Cody addressed a couple of points from the Meyer Memorial Trust presentation. OHCS has received input about the number of NOFA offerings released per year. At one time, there were two tax credit rounds within the year. Dialogue at the 9% roundtable, included the idea of issuing more than one NOFA per year with the underlying thinking that developers would have more "bites at the apple," thus increasing the possibility to score better. Cody added that the state have very limited tax credits that are out for competitive bid. The agency does about ten or eleven projects per year.

In order to do more than one NOFA offering a year, the agency would put out a very small offering at one point then would have to reserve funding for another. From Cody's point of view, having 30 projects coming after half the money and then trying once again doesn't make much sense. If the agency were to receive credits back, the additional credits could be put out in another NOFA. However, considering the work it takes to issue a NOFA, if the result is funding only five projects, Cody doesn't find this to be a good solution. The Department welcomed any other insight or feedback.

Regarding cost containment, in 2014 a measurement was added that looked back five years at the cost of the different projects in each region. If the project was outside then they had to provide an explanation of additional cost drivers that might be increasing the cost of the project. The agency is eager to see the recommendations from the Meyer Memorial Trust report to see how they might be able to take another step towards putting more points towards a smaller percentage without incenting poor development.

At one time the agency streamlined the QAP and then created other documents do disperse the information due to there being appeal for this format at the time. It is becoming evident that it's a challenge to remember all of the different places to look to see what the program requirements are.

Input has come from the roundtables to streamline the QAP with the key manuals so that all of the information is in one place. Groups will know where to look for the items that govern the tax credit program as well as having ease in knowing if any changes are made.

The QAP Policy Questions PowerPoint has been posted to the State Housing Council website under September 11, 2015 meeting materials.

<u>**Local Priorities - Letter of Support**</u>
Stakeholder Input: Competing priority letters are problematic; current process may disadvantage rural/smaller communities; local priority letters can be used as a NIMBY tool and are therefore potentially a problem.
Question for Council Input:
Should OHCS continue the practice of Local Priority Letters as it currently stands; or should there be a different way to ensure that projects with scarce federal dollars as awarded by local jurisdictions be given preference in some other way; or should the concept of local priorities be removed from the NOFA process?
Discussion:
Cody explained that the local priority letters were added to the NOFA in order to create connections and align OHCS funding with planning efforts that occur in local communities. The letters are requested of all non-preservation projects from jurisdictions over 10,000 people: they are awarded up to 6 point for top priority. This process can also result in multiple number one priorities in the same local area competing against participating jurisdictions.

Zee Koza, coming from a smaller community, would appreciate seeing this process eliminated and replaced by another option such as a list of references.

Marissa Madrigal inquired about what other mechanisms that exist that could solve the problem?

Cody explained that one point is awarded for leveraging home funding to incent the use of HOME funds. One point is awarded for leveraging other funding that comes from other jurisdictions or local jurisdictions.

Director Van Vliet expanded by stating that multiple applications come from different communities within one county. She believes it would be helpful and in public interest to know if the locals have a preference. It would be beneficial to have a mechanism to ask the locals how they would advise the agency if more than one application is received from an area.

Tammy Baney believes it is the responsibility of the county to convene to discuss multiple applications without it becoming a “popularity contest.” The discussion would need to be based on what the true needs are and what will be addressed. She appreciates that there has been a process to engage with local elected officials to ensure they are aware of local needs.

Chair Dickson agreed with Baney that elected officials awareness is a high priority. He believes that decisions cannot be based on simply density and population.

Val Valfre explained that in Washington County it is a consortium of many cities that are involved in making the decision of the prioritization of their interests. He believes that there does need to be a way of bringing those electives from the cities that might have an interest they didn't feel was necessarily expressed in the consortium.

Baney added that both urban and rural areas don't have enough money to meet the great need they have. Conversations within a community need to take place to determine the main priorities and decide what is best for the population. She added that it is of great need to determine what the most important needs are ahead of time and make a push for those rather than working with the applications that aren't as necessary later.

Madrigal mentioned that is of high importance to identify the point of contact in each county with a consensus that this group will officially provide the recommendations.

Director Van Vliet explained that not all counties work in the same way in these sort of matters which means the agency will want to stand something up that will be mindful of the unintended consequences.

Baney pointed out that a similar process occurred with the Ten Year Plan to End Homelessness.

Director Van Vliet inquired if there was a national perspective?

Mark Shelburne agreed that it makes sense within a jurisdiction to ask certain decision makers which application fits more into what is best for the whole. He also cautioned that complaints could be made from developers that are on the losing end that the process and decision making factors are not fair. The decision makers could be making bias or corrupt decisions which could result in the state being blamed by the losing end.

Madrigal added that while the communicated preference should be considered, those statements shouldn't be the only deciding factor.

Director Van Vliet stated there will always be those who have issues with a decision due to them simply having been denied.

Chair Dickson advised that at the end of the day when it comes to determining points, it is how the funds are allocated and the impact of the amount of points that are allocated for certain preferences. The biggest concern is if a project is significantly uplifted in one category and brings the score down for others.

Cody addressed that when the agency connected and provided information to those that were not awarded credits it was the letter that was difficult to get. This was either because the group didn't have a big enough planning process around housing or they didn't understand why they were being asked for one. The jurisdictions are looking for more directions when applying for funding.

Baney believes it would be beneficial to go regional in some of the conversations due to counties sharing populations. A regional perspective might offer more insight.

Valfre asked how the scoring would work out if more than one letter is received from a geography, one from a consortium and one from a city), the two letters provided were ranked differently, and the city was part of the consortium,

Cody replied that if a letter from the county or consortium was received as well as a letter from a city where both parties were number one priorities but different projects then they would both receive full points. One project isn't given an advantage over the other but it does potentially give the two projects an advantage over the larger pool.

<u>Home Funding Preference</u>
Stakeholder Input:
OHCS should provide a preference to projects that have been awarded funds by participating jurisdiction (PJ) funds, instead of or in addition to a local priority letter and similar to the point given to projects in the balance of state that request HOME funds.
Question for Council Input:
Should OHCS provide a preference to projects that receive an allocation of PJ funds?
Discussion:
Cody believes that both local funding and participating jurisdictions should be looked at together because there are consortiums in a number of non-metro and metro regions. The question is whether this would be a place where preference or points could be given to projects leveraging tax credit without federal funds.

Director Van Vliet added that the discussion related to local preference letters will be taken into consideration when thinking through how to treat this question as they trigger similar issues.

<u>Preferences - Qualified Census Tract (QCT) / Low Poverty Census Tract</u>
Stakeholder Input:
Awarding up to 4 points to projects located in a QCT or Low Poverty Census Tract, has the unintended consequence of disadvantaging proposed projects in areas of the state lacking either type of census tract (e.g. rural Oregon). Stakeholders feel this component plays a larger role in determining projects that were funded than in previous years.
Question for Council Input:
Should OHCS look at different ways to preference opportunity areas and/or QCTs that are included in a revitalization plan? Should the number of points currently awarded be revised?
Discussion:
Chair Dickson asks that staff revisit of this scoring component.

<u>Preferences – Other Federal Preferences</u>
Stakeholder Input:
Given that two (2) of the preferences are rarely utilized, should one (1) point be allocated to each of the preferences?
Question for Council Input:

Should OHCS use the federal preferences in the selection criteria in a different way (possibly as a tie-breaker) or should there be fewer points possible per preference?

Discussion:

Cody explained the Department imposes a cap on the number of tax credits awarded in competitive process on a per-project basis. The current cap is $890,000 tax credits a year for ten years which results in projects consisting of approximately 48 to 50 units, which is not efficient. Further analysis indicates a cap leading to 70 to 80 unit projects might be a more appropriate target. The trade-off is that fewer projects would be funded.

Val Valfre asked if there would be an adverse impact on rural areas.

Chair Dickson stated that it might, but any impact would likely be negligible because it will not necessarily change the scale of rural projects. Increasing the cap has a positive impact on the projects located in areas where there are higher land costs and a greater need for services (the metro area).

Valfre clarified his concerns for the rural projects are due to lack of demand in some of areas.

Director Van Vliet pointed out that the projects wouldn't have to expand to 70 units.

Chair Dickson mentioned that this situation would allow for a bigger build.

Cody stated that urban districts such as Bend and Medford would be able to build more in the higher need areas.

Marissa Madrigal stated from her perspective, housing in the state of Oregon is actually a crisis that we are all facing. More units is should be a priority even if there are impacts to rural Oregon, because the impact to rural areas can be mitigated. Madrigal urged the Council to consider the issue taking into considering the state as a whole. More units is a better outcome for more Oregonians.

Mark Shelburne when there are limited resources such as this, any decision made is going to have a trade-off. In this case, lifting the cap will result in more funded units, but fewer funded projects. The process for implementation of decisions needs to be fairly, taking into consideration geographic distribution of funded projects and how projects are funded among the regular participants..

<u>Basis Boost</u>

Stakeholder Input:

Stakeholders feel that the criteria aren't clear enough to provide certainty about whether or not the project qualifies for basis boost. The underlying fear is that they work hard and go through the entire application process assuming they will get basis boost then they fail to qualify.

Question for Council Input:

What can/should OHCS do to provide more certainty regarding basis boost?

Discussion:

Cody explained there are other ways for the state to be able to use other policy directives to do this. OHCS is in the process of considering a pre-application (qualification) process for determining whether or not a proposed project qualifies for the basis-boost.

Council members decide to cover Affordability Period, Social Equity, and Residence Services during the meeting. Council members will respond with ideas by email or phone to the remaining topics.

<u>Affordability Period</u>

Stakeholder Input:

We know that there was a lot of advocacy around the 60-year affordability period when a lot of the HUD Section 8 projects were coming to their end and there wasn't a lot of ability to stop taking those to market and there was a loss of units. The 60-year affordability provided OHCS with a seat at the table but is not necessarily the way to keep projects affordable for 60 years. The useful life of most projects is 30 years, after that, projects need substantial recapitalization. Rent amounts charged at the beginning may not be financially feasible for 60 years.

Stakeholders feel that there should be an opportunity to review terms at year 30. OHCS is looking at a more nuanced approach that includes a check in at year 30 to gain understanding of what our first investment got us, what kind of affordability are we buying and how long are we buying it for, what is the subsidy we're really providing. This approach would likely include limits on when people can come back through the competitive process with the same project. Projects are awarded preference points for proposing long affordability period so it is important for the department to take a close look at the long-term for those projects.

Cody advised Council members that OHCS will likely be bringing a tweak to affordability periods within the OAHTC program because the Department cannot hold these projects to a standard of providing subsidization beyond the life of the subsidy. Cody went on to explain that the OAHTC pass-through funds, subsidizing rent assistance for tenants is only available for 20 years; the affordability period requires continued subsidization essentially creating an unfunded mandate. The affordability period provides OHCS with a seat at the table, but also requires continued oversight and enforcement of compliance monitoring requirements.

The Department wants to make sure that restrictions on the properties are 60 years, but create some room for the lending and investment community to modify if the project does not have appropriate cash flow or potentially tweak to the unit mix.

Question for Council Input:

Should OHCS modify affordability periods?

Discussion:

Marissa Madrigal expressed a strong desire to develop housing that is strong and affordable for as long as possible. Madrigal shared her experience witnessing the impact on the community when an affordable housing complex was converted to market-rate. Madrigal cautioned the Council and the Department to take more time to really examine the impact of any decisions and to consider how the Department and Council can assist with managing changes.

Chair Dickson asked the Department and Council to consider the delicate balance between affordability and sustainability. Chair Dickson requested a realistic approach to both sides of the transaction, the expectation that developers keep properties affordable at extremely low rents, without the ability to recapitalize those properties around the 20-year mark is not a realistic or sustainable. A balanced solution that gives generates a good product, lasting 25-30 years and are not coming back in after year 15, maybe then affordability becomes a nonissue.

Director Van Vliet suggested a potential tool the Department can explore is a deed restriction lasting 60 years, so that gives us a seat at the table. There's probably an artful way to protect the public interest, while also paying attention to these realistic real estate issues. Recapitalization, some revisiting will probably be required, so staff will do more work to develop an approach, you'll see it and have the chance to discuss it more before any final changes are made.

Director Van Vliet clarified that the Department is not suggesting that we don't have a 60-year affordability period; we had a really robust discussion about the fact that these assets really need some recapitalization at around year 30. They're not going to last and so we just need to figure out how best to be at the table for them and whether we have to put in additional funding or maybe we can tweak the rent levels or the income mix and not have be put additional funding in and whether that's appropriate, but we will be at the table with that discussion.

Val Valfre commented that this evaluation is really is a reality check. Valfre expressed his concern that a lot of people confuse the useful life of a property and that it is in the best interest of the people we serve to update properties when they need to be updated. It's important that these properties are not just sustainable enough that they make it through 25 or 30 years, but also useful for the next generation. We do not necessarily have to recapitalize, but staying at the table is extremely important so Valfre expressed that his appreciation for the Department getting the message out, adding his thoughts that it's very well written.

<u>Social Equity</u>

Stakeholder Feedback:

Cody described elements within the current scoring criteria that touch on social equity. The first is points awards for projects that are near in proximity to services that, there's also a requirement that all funded projects have to meet requirements related to actively marketing the property to all projected classes. Cody suggests that the Department add robustness to the process and potentially award additional points. Applications will be required to be more descriptive of their marketing plans and how they are taking into consideration the demographics of the area in which the project is being located. They'll need to demonstrate that the marketing plan is based on something more concrete and aims to reach out to those disadvantaged previously communities.

Natasha Detweiler provided information about how some states are looking at adding points to projects in their communities for including demographic and targeted populations. Detweiler advised Council members some states include a housing marketing plan in the scoring process, essentially awarding additional points to plans with strong provisions for continuous outreach programs to maintain well-balanced housing and more proactive activities to ensure understanding equal opportunity. In addition to submitting a plan, they awarded points to projects sponsors organizations that affirm and confirm that they'll do these more aggressive activities toward fair housing.

Discussion:

Director Van Vliet recognized that there is a lot of interest, particularly after we heard Maxine Fitzpatrick's strong testimony encouraging us to really go after this more aggressively. I think there are pieces we can do around the marketing outreach to really drive that in an intentional way. Van Vliet is interested in exploring placed-based strategies and being more savvy about how all the pieces fit (the qualified census tracts, high opportunity areas and redevelopment communities and anti-displacement kinds of dynamics). The Director suggested both place-based and people-based strategies the Department can flesh out for Council members to consider and formulate feedback.

Zee Koza asked staff for more information people-based approaches, looking at health outcomes, educational outcomes, and socioeconomic outcomes in addition to just using a census tract, although the data probably comes in that. Zee suggested that looking at some of those indicators, is where OHCS will find a lot of racial and ethnic disparities as well.

Director Van Vliet advised the Council that the Department may find appropriate language for the purposes of QAP processes this fall, but keep the conversation going more broadly, bring in experts on social equity outcome measures, and really spend some dedicated time as a council to supplement -- the conversation didn't done. Just based on what we put in the QAP, I think we need to carry it forward.

Tammy Baney asked if there have been any lessons learned or ideas the ways other states have addressed this.

Mark Shelburne stated that t the Council would benefit from further defining exactly what you mean by social equity and what you are going to look for. The people-based aspect is pretty clear. The basic concept is marketing to those who are the less likely to apply based on their protected categories. That fundamental general concept is what it is in federal law, so the only question is how often does that type of marketing happen, and what forms does it take. But the place-based questions are intensely complex and varied, so eventually just using the phrase social equity, raises about a hundred issues and questions.

Director Van Vliet committed to doing our best to bring something back that takes the conversation further than we've been for the QAP this fall, and reiterated her commitment to continuing conversation on this subject.

<u>Resident Services</u>

Stakeholder Feedback:

The Department's received a lot of input around this. There are a number of questions and a number of points dedicated into various pieces of resident services. Some of the scoring indicates, based on the way the NOFA is written currently, there's a propensity for rural projects not to compete as well because they don't have the networks and the robust service providers in those areas, and therefore may not compete head-to-head with someone that is in a larger community that has a lot more opportunity to partner

The question that we're really asking is what outcomes are we trying to achieve by requiring residence services? Can desired outcomes be clearer in their application so developers know if a project is going to score really well?

Certain funding sources do not allow for an operating line item for resident services. For example, rural development does not allow any kind of above-the-line, if you will, operating expenditures to be used for services. This may be why we see a number of projects that offer more referral-based services versus actually providing the services on site.

Myra Arreola provided some feedback based on the scoring opportunity that she had this last year around kind of going a little further with culturally specific services depending on where it's sited in the population that it's truly going after as well as things around whether it is okay to have referrals versus more robust, and what target are they. Are there certain target populations that we want certain services for? Staff want to get more thoughts around services from your perspective as well.

Discussion:

Chair Dickson commented from his perspective as a lender or investor, stating that resident services depend on the target population, and, two, there are developers, particularly for those a projects that don't necessarily need the expensive resident services and yet it is something they have to include and articulate in their application in order to score favorably. Dickson agrees with the majority, that most projects have a clear need for resident services, but suggested that the Department reconsider how those services are incorporated into the deal-structuring. As a funder, Chair Dickson would like to see resident services above the line, especially if it's an important part of the development. He expressed concern for projects where resident services are a vital component but not included in the above-the-line operating budget.

Chair Dickson is also concerned with the method of utilizing memorandums of understanding (MOUs) or other off-the-grid agreements with the partners as those are not currently examined by the Council. The Chair wants to have a closer look at how those services are funded to determine whether those services are sustainable. Questions like: How is that service provider funding the resident services? Is it something they provide as part of their existence or is it a one-year commitment? Dickson thinks the Council should have the answers to these questions and that they should be factored into any decision.

We know that in Portland, the cost of moderate housing is climbing. I have the luxury of working in multiple states and you see what's happening in places like Seattle where there's a huge difference between market and affordable and leaving, you know, the 60 to 80 percent, 80 to 100, and so the reality is there are some families out there that simply need housing and Affordable Housing. Housing projects should not be discounted just because they don't have a glamorous s social service component. And really, again, trying to look at the details of the deal itself and really ascertain whether or not services are really vital to that project, and if they are, again, looking at what I've expressed, the need to have it and being sure that there's funds available to provide the services and really a deeper understanding of how it's funded.

Director Van Vliet added her thought that the developers are to take this on but that the community is providing services, the projects needs to show a linkage with that developer and the community to those services. Van Vliet completely agreed with Chair Dickson regarding workforce housing. The needs of that population would be very different, but if you want to serve families, you're building a 50 or a 100 unit development, Van Vliet wants that project to be engaging the Boys and Girls Club or engaging other opportunities so that the project is not perpetuating other issues. The point is to make sure that people are getting their needs met, and that agencies within the state of Oregon are looking at bringing services to the clients. So it's a sweet spot to be able to have that conversation. Van Vliet reiterated that resident services are not unfunded mandate to a developer, this is a required coordination of efforts on the ground, demonstrating that developers have engaged with the community to ensure the needs of the population that you're serving are met.

Director Van Vliet assured Council members that we will we'll be coming back on this one. OHCS will have to develop a scoring system or make some judgment about that in the context of a competition. Julie Cody is going to reach out to Mike Fieldman to get his feedback since he was unable to attend and has expressed a particular interest in the resident services discussion.

Chair Dickson thanked Mark Shelburne his commitment and time spent.

Julie Cody wrapped up the discussion with an overview of the process timeline:

- The final stakeholder roundtable will be held on September 18, 2015 at OHCS.
- Staff are targeting September 23, 2015 for the best draft QAP that will be in your packet for the October meeting.

Director Van Vliet wanted to offer the opportunity for those who had expressed an interest in making some comments, if anybody else wanted to.

<u>Additional Public Comment</u>

Shelly Tomlin

Shelly Tomlin introduced herself and spoke regarding the local priority letters. She suggested considering treating acquisition rehab different than new construction. If an affordable project that already exists needs additional funding then they receive different points than a new project. She would like to see that resident services is not part of the competitive process but that OHCS has to approve it after the project individuals speaks with an OHCS expert regarding what the project is, where, and what resources are available. She also suggests a two or three year reevaluation of the project.

Stacy Howard

Stacey Howard in Roseburg is very glad to hear how vocal people are regarding rural issues but some of the conversations need facilitation. She would like to seem more integrators in the state to have more contact with the people. In rural areas, the conversations always include the same individuals and a fresh voice is needed. More facilitation in general is what she would like to see.

<u>Report of the Director</u>

Director Van Vliet announced that the Policy Subcommittee and the Fiscal Structuring Subcommittee had their first meetings. These subcommittees will work through mid-January on recommendations for OHCS and SHC regarding program development and implementation the $40 million recently award in the 2015 Legislative session. The goal is to complete the necessary work in four, three-hour work sessions and then report back to the Council before providing an update to the legislature in February 2016.

OHCS is coordinating with staff at Oregon Health Authority and Department of Human Services on program development and implementation planning related to the $20 million in new funding allocated by the Legislature for housing people with mental illness. OHA is taking the lead on stakeholder engagement and thinking about the client populations that are most in need of housing.

The development of the 2016-2020 HUD Consolidated Plan is moving forward. OHCS will brief the Council on the comprehensive needs assessment and market analysis at upcoming meetings this fall. Zee Koza and Val Valfre participate on the stakeholder committee for this work.

HB 2442 goes in effect on January 1, 2016 at which point the seven-member State Housing Council will become the nine-member Housing Stability Council. After the effective date the Governor will appoint two new members to be confirmed by the Senate during the short legislative session, February 2016.

Director Van Vliet announced that she will be attending the grand opening of Housing Works new project, Eastlake Village II in Bend. Van Vliet advised the Council that she will be planning on attending more grand-openings, ground-breaking and ribbon-cutting events with the goal to be more present and more thoughtful about helping communities celebrate big milestones.

The Veteran's Housing NOFA and GAP NOFA have closed and will come forward for approval from the Council at the November and December Council meetings.

The OHCS Single Family Section recently released a Request for Applications (RFA) and will award up to $1 million to Housing Center and Homeownership Partner to provide Down Payment Assistance.

OHCS issued a press-release to advise everyone of a bond-sale closing resulting in $75 million in new Single Family funds. There's an increasing interest in what the First Time Homebuyers mortgage product looks like and the Department feels that this may be the right timing and opportunity to be more present in the market.

Meyer Memorial Trust (MMT) is working diligently with the affordable housing community on several initiatives and RFPs. Meyer is asking for proposals that would help advance the issues of resident services, housing, and housing integrated with health and other systems. They recently closed an RFP aimed at proposals with meaningfully driving alignment opportunities and they invited the two OHCS staff members to help scores the applications. The Department is excited by deepening collaborations with MMT.

Director Van Vliet advised Council members that staff have started work on the agenda projection, populating briefing topics and approval items to bring back to the Council over the next few months and even though some of the topics will shift, Council members should assume that all of the meetings will last until the lunch. Van Vliet reviewed the 2016 meeting calendar, noting the tentative plan to hold the May meeting in Bend and the October meeting in La Grande.

Report of the Chair

Chair Dickson agreed with Director Van Vliet that recent meetings have been pretty consistently 3 hours in length and advised that staying for meetings until noon or one isn't an issue. Chair Dickson added that he appreciates the opportunity for deeper engagement. He's looking forward to the LIFT Subcommittee work and is excited about the work ahead. He thanked everyone for all the hard work to make the meeting a success.

With no further business the meeting was adjourned at 12:25 p.m.

2015		2015	
Aubre Dickson, Chair Oregon State Housing Council	Date	Margaret S. Van Vliet, Director Oregon Housing and Community Services	Date

Oregon
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State Housing Council Meeting

October 2, 2015

Members Present: Tammy Baney, Chair Dickson, Mike Fieldman, Zee Koza, Marissa Madrigal, Val Valfre.

Members Excused: Mayra Arreola

OHCS Staff Present: Margaret Van Vliet, Claire Seguin, Alison McIntosh, Megan Bolton, Julie Cody, Heather Pate, Shoshanah Oppenheim, Rem Nivens

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Recording Log and Summary

00:00:42 – Roll Call and Call to Order:

In the absence of Chair Dickson, Council member Val Valfre called the October 2, 2015 meeting to order and asked for a roll call.

00:01:31 – Public Comment:

Acting Chair Valfre opened the floor to anyone wishing to make public comments.

Mary McCullough offered comments regarding concerns she and others living in her neighborhood have with the Oak St project in Eugene.

00:05:23 – September 11, Draft Meeting Minutes for Approval:

The meeting minutes were not sent out due to technical difficulties and will be submitted to the council for formal approval at the November 6, 2015 meeting. In the interim the draft minutes have been posted on the internet and are available for the public to view in their draft form. Hard copy will be handed out to the Council members at the close of the meeting today.

00:06:50 – Residential Loan Program Consent Calendar:

Kim Freeman, OHCS Single Family Section Manager presented to the Council. Before she reviewed the 6 files for approval, she provided some context.

Q: What do you use to help determine what individuals can afford?

A: Requirements are given through the lender.

00:09:16 – Tammy Baney moved to approve the list as presented and the motion was seconded by Zee Koza.

VOTE: 6-0-1

AYES: Chair Dickson, Tammy Baney, Michael Fieldman, Zee Koza, Marissa Madrigal, Val Valfre

EXC: Mayra Arreola

Motion passes.

00:10:15 – Mobile Home Park Preservation NOFA Award Recommendations:

Heather Pate, OHCS Multifamily Finance Section Manger and Theresa Pumala, OHCS Multifamily Loan Officer presented three applications for approval to the Council.

00:13:48 – Item 5.A.: Dexter Oaks Mobile Home Park

Approval recommended by Ms. Pumala.

Michael Dennis Murray, the Dexter Cooperative President stepped forward to provide comments from the Dexter Oaks Mobile Home Park.

Q: How is the overall infrastructure of the Park?

A: The Park is in really good shape; the owners have taken really good care of it.

Q: How long do people typically stay?

A: Many have been in the Park for 15 years and longer.

Chair Dickson asked for a motion for approval; *Tammy Baney moved and Marissa Madrigal seconded the motion.* Chair Dickson asked for a vote and roll call was taken.

VOTE: 6-0-1

AYES: Chair Dickson, Tammy Baney, Michael Fieldman, Zee Koza, Marissa Madrigal, Val Valfre

EXC: Mayra Arreola

Motion passes.

00:23:40 – Item 5.B.: Tivoli Mobile Home Park

Approval recommended by Ms. Pumala. Heather Beck from St Vincent DePaul was on the phone and offered to answer questions.

Val Valfre moved this project for approval and Marissa Madrigal seconded. Chair Dickson asked for a vote and the roll call was taken.

VOTE: 6-0-1

AYES: Chair Dickson, Tammy Baney, Michael Fieldman, Zee Koza, Marissa Madrigal, Val Valfre

EXC: Mayra Arreola

Motion passes.

00:17:21 – Item 5.C.: Forest Ranch Mobile Home Park.

Approval recommended by Ms. Pumala.

Q: What funds in the future will take care of the maintenance aspects of the property?

A: There is an established fund in place to address maintenance in the future.

00:20:55 – Public Comments:

Linda Loop, Neighborhood Association Treasurer stepped forward to offer comments on this project.

A motion was made by Michael Fieldman and seconded by Val Valfre. Chair Dickson asked for a vote and the roll call was taken; the results were:

VOTE: 6-0-1

AYES: Chair Dickson, Tammy Baney, Michael Fieldman, Zee Koza, Marissa Madrigal, Val Valfre

EXC: Mayra Arreola

Motion passes.

00:34:02 – 2016 QAP/Multifamily update and discussion:

Julie Cody, OHCS Assistant Director, Housing Finance made presentation to the Council. Please reference the PowerPoint presentation posted on the internet.

Please note: it is important to look at the report in its entirety when making final decisions about the 2016 QAP.

00:41:02 – Discussion: Local Priority Letters. The letters will not be a requirement for the 2016 applications and the points associated with the priority letter will be distributed elsewhere in the application.

OHCS goal is to provide general commentary about the things which will be assigned points, the priorities and preferences which will be used. Paint the direction to you. The NOFA will provide more specifics and be more prescriptive.

Q: Are you considering a sliding scale for awarding points?

A: Yes.

Discussion: LIHTC CAP. Making sure one sponsor does not get a larger portion of the available money. The idea of maximizing the number of units and add in efficiency into the process is good.

01:07:25 – Discussion: Affordability Period.

Q: What is the rationale on the exception for the 4%?

A: The 4% tax credit is non-competitive credits and in some cases it's not even looking at the entire project.

Q: Will there be a level of affordability requirement?

A: Affordability goes away at year 30 when they could start moving to market.

01:18:15 – Restrictions: Making sure properties are constructed well and maintained properly.

01:22:00 – Operating expenses and replacement reserves (page 12).

01:25:50 – Developer Fee (page 13).
The new formula will help moderate the high-end. It would help to see the old formula compared to the new formula.
Requested Follow up: OHCS staff will provide the side-by-side comparison of the old and new formula to the Council at the November 5th meeting.

01:44:33 – Social Equity (page 15): This will be a scored element.

Q: Why not use opportunity maps?

A: It is really about the time it takes to create the maps; we are on a short time-line.

Q: Can we discuss a plan for the use of opportunity maps in the future?

A: Yes, the intent is to create opportunity maps in the future.

Q: What happens when a plan is not followed?

A: OHCS will be establishing measures to track progress.

01:53:03 – Dani Ledezma, the Governor's Housing and Human Services Policy Advisor stepped to the microphone to provide some comments.

Q: Where does NWESB your economic opportunities come into play?

A: You will not see this in the 2015 NOFA. The conversation has begun with our stakeholders.

Final recommendations will be presented to the Council at the November 6th meeting.

This could be the "low hanging fruit"

Q: Can we include aspirational goals for NWESB?

A: There needs to be a broader understanding across the state on this issue. OHCS will be engaging with partners and leveraging their experience in this area. Recommendation: have people report to OHCS in 2016.

Q: Is part of your concern, Julie, that rural communities would be potentially disadvantaged if they don't have the contractor pool.

A: The conversation that has come up during these pieces is around the increasing costs, they don't truly understand the methodology of it in a lot of areas. So we want to make sure that people -- they'll be having a clear policy in process whereby we develop a true kind of NWESB program for our contractors.

Requested Follow up: OHCS will do some additional work on this area before the plan is brought back to the Council for approval.

Q: Would we be willing to push ourselves a little bit on the technical side to assist to bring someone up and try to develop opportunities outside the core areas?

A: I think the support that the governor's office has that Dani referenced around, the state-wide push for that. The governor has appointed new people to be the lead on this. So let us see what's possible in these regards with the support of the governor's office and the other bigger agencies that do a lot more construction and we'll see if we can bring something back to the council.

Getting more businesses (owned by women, emerging leaders and minorities) certified. We help them get certified.

Q: Opportunity maps: can the maps be incorporated into the state housing plan? The maps could help inform decisions we make.

A: Yes, good point.

02:03:12 – Resident Services (page 16):

Making the criteria reflect the current population; keeping it relevant on a real-time basis (ensuring clarity around desired outcomes; establishing measureable goals and the necessary steps to meet those goals).

Q: Are you anticipating using a points system or will the measure be more subjective when scoring the applications? How will we address workforce housing specifically?

A: OHCS is pushing for a more objective measurement and to get all housing types as close to the same playing field as possible.

Key areas to consider: Defining "resident services"; establishing the desired outcomes; looking at the population you are building for; project classifications; creating a logic model; etc.

OHCS does not want to become too prescriptive; there can be side-boards; we want to incorporate local expertise as well.

02:14:58 – Other changes (page 17):

02:17:27 – Changes for Future (page 18):

Q: Why is there a higher DCR requirement for non-subsidized projects? Shouldn't there be a lower DCR requirement for non-subsidized projects?

A: The lenders have expressed some underwriting concerns with the non-subsidized projects; due to the volatility of the funding model.

Julie Cody asked the council if they were ready for her to post the QAP for formal public comment.

The council expressed a desire to provide their comments to Julie before she opens the QAP for broad public comment.

Chair Dickson asked for any comment from the public in attendance in the room or on the phone.

02:25:50 – Shelly Cullen from Chrisman Development stepped to the microphone to offer comments on the QAP to the council.

Requested Follow up: OHCS will determine the impact or delay, which may occur if we miss release dates, on the QAP and the NOFA.

02:41:03 – Point-in-Time count Homeless Count:

This segment of the agenda was presented by Claire Seguin, Assistant Director of Housing Stabilization and Megan Bolton, OHCS.

Please note: the "point-in-time" count does not include those in hotels/motels or staying with friends or family.

ACTION: Megan will send out the presentation to the Housing Council.

Q: Have you done any analysis of how this looks different between rural and metro areas?

A: Yes, I did a brief summary in an excel workbook with data from every single county on every kind of element (populations by race, ethnicity, age and so-forth), so you really take a look. All that data is available and I can do further analysis too if there's an interest in a particular segment/element.
Q: I am interested to see if there is a difference in the sheltered and unsheltered percentages for veterans in other rural areas outside of the metro area.

A: Yes, I can look at that and report out to the council.

Q: Are we following HUDs definition of the chronically homeless?

A: Yes. You can find the definition on the HUD website.

Q: Is the data on the State Housing Council website?

A: No yet; this data will be released to the media early next week and then we will post it to the website and we will send out a notification to the council members when the information has been posted.

Please note: Audio recording stopped short of the conclusion of this meeting for unknown reasons. See below for the captured information of the final three items on the agenda.

HUD Consolidated Plan 2016-2020 – needs assessment and market analysis:

Shoshanah Oppenheim and Megan Bolton gave an overview of a PowerPoint presentation which can be found here.

Report to the Director:

No report given this month.

Report of the Chair:

Chair Dickson thanked the OHCS staff for their time, work and preparation for this meeting.

He then adjourned the meeting.

Oregon

Governor Kate Brown

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Date: 10/19/2015

To: State Housing Council

From: Kim Freeman, Single Family
Section Manager

Re: Residential Loan Program

Background: State statutes require the State Housing Council to establish a single family loan threshold for loans to be review and approved prior to purchase. The current threshold for single family loans includes all loans equal to or greater than 75% of the applicable area program purchase price limit, or $190,000, whichever is greater.

Considerations:

1. The loan(s) under consideration is greater than or equal to 75% of the applicable area program purchase or $190,000, whichever is greater.

2. Staff has reviewed all of the following loan files and concluded that the borrowers and properties meet all relevant program guidelines for the Residential Loan Program. All required documents have been properly executed, received, and the loans have been approved for purchase. In addition to being approved by staff, the loan files have been underwritten by the applicable lenders and are insured by either FHA (FB), Rural Development (RG), or Uninsured (U) with a loan-to-value of 80% or less.

	Loan Amount	Purchase Price Limit	75% of Purchase Price Limit or Max	Monthly Mortgage Payment
Loan #1	$260,200.00	345,731.00 Non-Targeted Clackamas County	$259,298.00	$1,484.78

Recommended Motion: State Housing Council approves the Consent Calendar

1 Borrower			Lender	UMPQUA BANK		
Co-Borrower						
			Purchase Price	265,000.00	Note Amount	260,200.00
Property Address	2800 BLOCK SE ROSWELL ST		Cost Limit	345,731.00	Principal Balance	$ 260,200
	MILWAUKIE	OR 97222	Appr. Value	$ 270,000		
			Year Built	1940		
			Living Area (Sq. Ft.)	1,140	Loan-to-Value	97%
Hshld. Income	$ 57,351		Lot Size (Sq. Ft.)	4,294	Insurance Type	FB
Income Limit	$ 83,280					
% of Income Limit	68.87%		Cost per Sq. Ft.	$ 232.46	Rate	3.250%
Prior Ownership Yes (Y) or No (N)	N		New (N) or Existing (E)	E		
			Construction Style	Two Story		

Data Classification: 3

Strategic Goals for Oregon Housing and Community Services Planning Efforts

Equity Framework

- Make Lives Better and Provide Equal Opportunity
- Address Disparities

Proposed Goals	Con Plan	Statutory Housing Plan*
Build more affordable units, including units for extremely low income persons.	●	●
Build more accessible units for people with disabilities and units for the elderly.	●	●
Preserve federal rent subsidy and improve condition of housing stock through rehabilitation.	●	●
Promote services to support people at risk of homelessness and work to prevent homelessness through increased housing stability.	●	●
Promote programs that reduce homelessness and re-house people into permanent housing as quickly as possible.	●	●
Work diligently to affirmatively further fair housing and access to housing choice for all Oregonians.	●	●
Promote and support homeownership, focus on addressing the homeownership gap for those communities with a history of having less access to loans and down payments, such as communities of color.		●
Work to prevent foreclosures.		●
Promote efforts to reduce barriers for people who are difficult to house.		●
Support statewide efforts to improve health outcomes for people living in poverty.		●
Support statewide efforts to assist community economic recovery efforts ,increase economic opportunities for low income people and low wage earners, to help people move out of poverty.		●
Improve efforts to support children and families served by Department of Human Services.		●
Collaborate with Department of Land Conservation and Development to help local jurisdictions understand and meet their housing goals and requirements.		●

* Subject to consideration and development with the Housing Stability Council, must comply with ORS 456.572

Multi-Family Development Project Summary

OHCS 2015 Veterans Notice of Funds Availability (NOFA)

PROJECT SUMMARY			
Region:	N/A	Project Number:	3191
Project Name:	Victory Commons	County:	Klamath
Project Address:	Klamath Falls	Total # of Units:	10, 1 mgr
Sponsor Name:	Luckenbill-Drayton & Assoc.	Construction Type:	New Construction
Target Population:	Veterans	# of Years Affordable:	60
Basis Boost Requested: Y/N	N/A	Census Tract Poverty Rate:	N/A

Total # of Units by Type and AMI:

		1-Br:	7	**1-Br:**	2	**1-Br:**	1	**Manager**	1
		AMI:	30%	**AMI:**	60%	**AMI:**	80%	**AMI:**	N/A

SOURCES & USES	
OHCS LIHTC Allocation:	N/A
OHCS OAHTC Allocation:	N/A

SOURCES			**USES**	
OHCS VETERANS GHAP:		$2,058,318	Acquisition Costs:	$81,467
OHCS HOME:			Hard Costs:	$1,671,875
OHCS WX:			Soft Costs	$328,976
Local Government Resources:	1		**TOTAL USES:**	**$2,082,318**
	2		Hard Costs Per Unit:	$151,988
	3		Total Cost Per Unit:	$187,119
Mortgage Loan(s):			DCR:	N/A (No Debt)
Tax Credit Equity:			Operating Expenses (PUPA):	$4,286
Other Funds:		$24,000		
			Replacement Reserves (PUPA):	$350
TOTAL SOURCES		**$2,082,318**	Operating Reserves:	$0
Other Non-Cash Contributions:				

NARRATIVE(S)	
Project Description:	Victory Commons is a "shovel ready" new construction 10 unit project in downtown Klamath Falls. It's a one-story, duplex unit design complex that is close to bus service, grocery stores and medical facilities. Utilizing the Housing First model to help veterans gain housing and independence.
Sponsor/Developer Profile & History:	Victory Commons is being developed by an experienced team consisting of Luckenbill-Drayton & Assoc. and Klamath Housing Authority. Luckenbill-Drayton have partnered in the development of more than 35 affordable housing projects in three states. Klamath Housing Authority manage and operate several affordable housing projects and have co-developed on a LIHTC property.

Community Need:	There are 8,000 Veterans living in Klamath County, there are no housing units specifically targeting this vulnerable population. The number one obstacle to getting veterans into appropriate treatment programs is a lack of quality housing for them. Victory Commons will serve Veterans in need of housing a unique opportunity to fulfill a significant community need and overcome the major obstacle to getting treatment.
Community Impact:	Given the high percentage of population of Veterans in Klamath county with no targeted units, 70% of the units in Victory Commons will be for 30% or less AMI, utilizing VASH Vouchers for 5 of them. This will help house some of the hardest to housing veterans.
Resident Services and Committed Partnerships for Successful Residency:	Victory Commons provides many ways for Veterans to gain needs services, through partnerships with Department of Veterans Affairs, Klamath Lake Community Action Services, Klamath County Veterans Treatment Court and Klamath Basin Behavioral Health. There are MOUs in place between the agency's outlining ways to work together to serve clients and share results.
Motion:	To approve a GHAP grant reservation in an amount up to $2,058,318 to Klamath Housing Authority for the new construction of the Victory Commons, located in the City of Klamath Falls, Klamath County, Oregon. Reservation is contingent on meeting all program requirements and conditions of the Reservation.
Conditions:	*Meet all programmatic, reservation letter, and OHCS requirements.*

Multi-Family Development Project Summary

OHCS 2015 Veterans Notice of Funds Availability (NOFA)

PROJECT SUMMARY			
Region:	N/A	Project Number:	3189
Project Name:	Victory Place	County:	Jackson
Project Address:	520 & 526 Front Street, Medford	Total # of Units:	16, 1 mgr
Sponsor Name:	Commercial Counsel, Inc.	Construction Type:	New Construction
Target Population:	Veterans	# of Years Affordable:	60
Basis Boost Requested: Y/N	N/A	Census Tract Poverty Rate:	N/A

Total # of Units by Type and AMI:

		Studio:	8	**1-Br:**	8	**Manager**	1		
		AMI:	60%	**AMI:**	60%	**AMI:**	N/A		

SOURCES & USES				
OHCS LIHTC Allocation:				N/A
OHCS OAHTC Allocation:				N/A
SOURCES			**USES**	
OHCS VETERANS GHAP:		$1,713,153	Acquisition Costs:	$162,270
OHCS HOME:			Hard Costs:	$1,356,788
OHCS WX:			Soft Costs	$421,602
Local Government Resources:	1		**TOTAL USES:**	**$1,940,660**
	2		Hard Costs Per Unit:	$78,811
	3		Total Cost Per Unit:	$114,156
Mortgage Loan(s):		$50,000	DCR:	1.44
Tax Credit Equity:			Operating Expenses (PUPA):	$5,179
Other Funds:		$177,507		
			Replacement Reserves (PUPA):	$353
TOTAL SOURCES		**$1,940,660**	Operating Reserves:	$0
Other Non-Cash Contributions:				

NARRATIVE(S)	
Project Description:	Victory Place is a re-development of a site with new construction of 17 new units of affordable housing dedicated to Veterans. 8 Studio units and 8 one-bedroom units with an additional studio for a manger unit. Rents will be set at 60% AMI, with 10 units utilizing project based VA/HUD VASH Vouchers. The project is located in downtown Medford within walking distance to grocery stores, bus stops and health facilities.
Sponsor/Developer Profile & History:	The sponsor Fred Hermann has contracted with ACCESS to assist through development and through stabilization. ACCESS has lead development teams on

	projects of similar size and scope over the last 20 years.
Community Need:	Jackson County currently has 10 units specifically targeted to the Veteran population. Affordable housing is the number one most critical unmet need in Jackson county for low to moderate income families as found in the 2014 community needs assessment conducted by ACCESS . The number of homeless veterans in Jackson County is expected to rise to over 600 in the next two years. According to the City of Medford's Consolidated Plan, more than 700 units on average need to be produced in order to keep up with the demand.
Community Impact:	Given the lack of decent, safe and affordable housing in Jackson County this property will help lessen the burden on the county and help get homeless veterans into housing. The collaboration of agencies poised to assist with the Veterans in recovery, social integration, and stable housing will be an asset to the community and plan to model going forward.
Resident Services and Committed Partnerships for Successful Residency:	Victory Place will utilize ACCESS and other community-based organization within Jackson County to provide the appropriate services for the veterans living in the project. Some of these community-based organizations are; Rogue Valley Veterans and Community Outreach and Easter Seals.
Motion:	To approve a GHAP grant reservation in an amount up to $1,713,153 to Commercial Councel, Inc. for the new construction of the Victory Place, located in the City of Medford, JacksonCounty, Oregon. Reservation is contingent on meeting all program requirements and conditions of the Reservation.
Conditions:	*Meet all programmatic, reservation letter, and OHCS requirements.*

DRAFT

HOUSING TAX CREDIT

2016 QUALIFIED ALLOCATION PLAN

Oregon Housing and Community Services

October 29, 2015

I. Introduction

The Tax Reform Act of 1986 created the Low Income Housing Tax Credit (LIHTC), under Section 42 of the Internal Revenue Code (Code or IRC).

The LIHTC program is jointly administered by the United States Treasury Department Internal Revenue Service (IRS) and authorized state tax credit allocation agencies. Under Executive Order EO-87-06, the Governor of Oregon designated Oregon Housing and Community Services (Department) as the administrator of the LIHTC program. The Department administers the LIHTC program in accordance with Oregon Administrative Rule (OAR) Chapter 813, Division 90.

This Qualified Allocation Plan (QAP or Plan) is intended to comply with the requirements of Section 42(m)(1)(B) of the Code, which requires that a Qualified Allocation Plan set forth

(i) the selection criteria to be used to determine the Department's housing priorities,

(ii) the preferences of the Department in allocating credit dollar amounts among selected ~~projects~~Projects, and

(iii) the procedures that the Department will follow in monitoring for noncompliance and notifying the IRS of such noncompliance and in monitoring for noncompliance with habitability standards through regular site visits.

If any provision of this Plan (and documents included herein by reference) is inconsistent with the provisions of amended IRC Section 42, including any future amendments thereto, or any existing or new State Administrative Rules governing the LIHTC Program, the provisions of IRC Section 42 and/or the State Administrative Rules take precedence and the plan will be amended accordingly. ~~OHCS recognizes that current market conditions remain uncertain and the~~ The Plan has been substantially revised~~. As such~~, the Department reserves the option to issue temporary public notices or guidance through which, procedurally, the Department will continue to efficiently administer the LIHTC program, in a manner consistent with this Plan, and with the Department's goals.

The State Housing Council recommended the amended 2016 plan contained herein on, DATE. Public hearing was held on DATE after appropriate notice was provided.

II. Competitive and Non Competitive Tax Credits

A. Competitive Housing Tax Credits

The allocation of the state of Oregon's per capita credit authority, returned credits, and the State's portion of the National Pool credits is done on a competitive basis, based upon ~~project~~ Project rankings determined during an application process established by the Department. All LIHTC allocations, including any increase in the allocation of a ~~project's~~ Project's per capita credits, will be governed by this QAP.

B. Non-Competitive Housing Tax Credits

The state of Oregon is also provided with access to tax credits associated with Oregon's Private Activity Bond Authority. These tax credits are only available to ~~project~~Projects that are financed using tax-exempt bond proceeds. The non-competitive credits ***are not*** subject to the Department preferences or selection criteria outlined in the QAP, but must meet Section 42 statutory preferences, standards of financial feasibility and viability and ~~project~~Project monitoring procedures, in addition to program specific requirements established by the Department. Unless specified otherwise, the requirements laid out in this plan apply to the 4% tax credit.

Projects financed with tax-exempt bonds may be eligible for 4% Tax Credit without participating in a competitive Credit allocations process. The tax-exempt bonds are subject to the volume cap limitation of Section 146 of the Internal Revenue Code (Code) and further described in Section 42(h)(4)(A) and (B) of the Code.

III. 9% Requirements and Criteria

This section applies to 9% LIHTC competitive applications only

A. 9% LIHTC PROJECT CAP

Any ~~project~~ Project applying for more than 10 percent of the total ~~year~~ annual tax credit allocation will be required to submit a 4% bond pro forma to ~~demonstrate~~ evaluate feasibility.

No ~~sponsor~~ Sponsor may receive more than 20 percent of any ~~one year~~annual tax credit allocation.

No ~~sponsor~~ Sponsor may receive more than 15 percent of any two ~~subsequent~~ sequential year's allocations. For example if a Sponsor receives 20 percent of funds in year one, they would only be eligible for 10 percent in year two. OR, if a Sponsor receives 15 percent of funds in year one, they would only be eligible for 15 percent in year two.

B. 9% LIHTC RESTRICTION~~ESTRICTION~~

Projects that have ~~previously~~ been funded with ~~4 or~~ 9% LIHTCs in 2016 or after are not eligible to apply for additional 4% or 9% LIHTC within 20 years of ~~Placed~~ Placed-In-Service date. Exceptions will be at the sole discretion of the department in cases where there is a risk of loss and there is no identity of interest. Previously funded 4% Projects would be eligible to apply for 4% or 9% LIHTCs.

C. HUD 811

All applicants for 9% LIHTC may be required, at the discretion of the Department, to implement a HUD 811 Demonstration, including the use of HUDs Tenant Rental Assistance Certification System (TRACS) to submit tenant certifications and electronic vouchers for payment. ~~RACS.~~ More information can be found at the HUD 811 Demonstration website:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/grants/section811ptl/demoNOFA

D. SET-ASIDES

i. Qualified Non-Profit Set-Aside:

The Department will reserve at least 10 percent of the state housing credit ceiling for a calendar year for ~~project~~Projects in which qualified nonprofit organizations have an ownership interest and materially participate in the development and operation of the ~~project~~Project throughout the compliance period. A qualified nonprofit (QNP) organization is an organization described in Section 501(c)(3) or Section 501(c)(4) of the Code and have as one (1) of its exempt purposes the "fostering of low-income housing." Furthermore, the organization must materially participate in the development and operation of the Project throughout the compliance period. The organization must not be Affiliated With, or Controlled By, a for-profit organization, entity, or individual.

In order to document an Applicant's QNP status, the Applicant must submit the following:

a. A copy of the QNP's IRS determination letter,
b. A complete and current-as-amended copy of the QNP's articles of incorporation as filed with the Secretary of State. The articles of incorporation must have as one (1) of its exempt purposes the "fostering of low-income housing";
c. Complete and current-as-amended copies of the bylaws and other governing instruments of the QNP,
d. Evidence the QNP has an Ownership interest in the Project, and the QNP will materially participate in the development and operation of the Project throughout the Project compliance period;
e. A certification by the QNP that is not Affiliated With, or Controlled By, a for-profit organization, entity, or individual; and
f. A current list of names of all board members and officers of the QNP and any affiliation (plus the nature of the affiliation) such board member or officer has with any for-profit entities or individuals.

ii. A thirty-five percent (35%) soft set aside has been established for Preservation ~~project~~Projects, where at least twenty-five percent (25%) of the units have federal Project-based rent subsidies where either the Section 8 contracts are expiring, or the Rural Development loans are maturing within 5 years or Projects with public housing units undergoing a preservation transaction involving a comprehensive recapitalization. This thirty-five percent (35%) set aside will be calculated out of each regions LIHTC allocation; if no Preservation Projects score high enough in competitive scoring to be funded, the credits will be returned to the regional pool.

~~iii. A fifty percent (50%) soft set aside has been established for rural areas with fewer than 25,000 people in the Balance of State region; the 50% set-aside will be calculated within the Balance of State region, if no projects score high enough in competitive application to be funded or if the remaining set-aside funds are not enough to fund the next high scoring project, the funds will be returned to the regional pool.~~

~~iv.~~iii. Other Set-Asides: The Department may also reserve a portion or portions of its allocation of state housing credit ceiling for other types of ~~project~~Projects or ~~sponsor~~Sponsors; any such set-aside will be approved by the Housing Stability Council and specified in the Notice of Funding Availability.

E. REGIONS

The Department established Geographic Regions based on areas with similar ability to leverage federal HOME funds as well as having the greatest ~~project~~Project comparability

- **Metro Oregon** (Clackamas, Multnomah, and Washington Counties)
- **non-Metro HUD HOME Participating Jurisdictions** (the cities of Eugene, Springfield, Salem, Keizer, and Corvallis)
- **Balance of State Oregon** (Baker, Clatsop, Columbia, Coos, Crook, Curry, Deschutes, Douglas, Gilliam, Grant, Harney, Hood River, Jackson, Jefferson, Josephine, Klamath, Lake, Lincoln, Linn, Malheur, Morrow, Polk, Sherman, Tillamook, Umatilla, Union, Wallowa, Wasco, Wheeler, and Yamhill Counties as well as the balance of Benton, Lane, and Marion counties)

  A soft target of 50% of the Balance of State funds is established for Projects located in communities with fewer than 25,000 people. If no Projects score high enough in the competitive application to be funded or if the remaining soft target funds are not enough to fund the next high scoring Project, the funds will be returned to the regional pool and the next highest scoring Project will be funded.

Applications consisting of multiple sites in different counties that cross between Geographic Regions will be evaluated in and funded from the Geographic Region where the greatest number of units is sited.

The percentage of the state's LIHTC allocation targeted to each region in the Notice of Funding Availability is based on the region's percentage of need. Need is based on the following data elements which are summarized by geographic region and weighted evenly to determine the percent of the state's need within each region.

a. The number of renter households in each county earning sixty percent (60%) or less county median family income.
b. The number of severe rent burdened households in each county with a rent burden of fifty percent (50%) or more total household income.

F. HOUSING AND ECONOMIC RECOVERY ACT OF 2008 (HERA) BASIS BOOST:

Pursuant to HERA the Department has the authority to increase the eligible basis of certain buildings to 130 percent of the eligible basis, for 9% LIHTC Projects, when the Department determines that the financial feasibility of the building requires it.

The Department has determined that the financial feasibility of ~~project~~Projects meeting the criteria below may require a basis boost of up to 130 percent.

i. Preservation ~~project~~Projects.
ii. Projects serving permanent supportive housing goals.
iii. Projects located in an area where workforce housing needs are identified or community needs show a preference for the housing in the area.
iv. Projects that are located in Transit Oriented Districts (TOD's) or Economic Development Regions (EDR's) as designated by local governments, or ~~project~~Projects in a designated state or federal empowerment/enterprise zone or Public Improvement District (PID's), or other area or zone where a city or county has, through a local government initiative, encouraged or channeled growth, neighborhood preservation, redevelopment, or encouraged the development and use of public transportation.
v. Projects that result in the de-concentration of poverty by locating low-income housing in low poverty areas, which are Census Tracts where ~~less than~~ 10 percent or less of the population lives below the poverty level.

Any NOFA will include a pre-application to determine state Basis Boost eligibility with the Department.

G. PROJECT PREFERENCES: LONG TERM AFFORDABILITY.

The Department has established a threshold requirement that all competitively awarded housing tax credit ~~project~~Projects must remain affordable for 60 years. No additional preference is conferred on ~~project~~Projects affordable for more than 60 years.

H. Application Threshold

i. Total Development Cost per Unit

Applications listing more than published Total Development Cost per unit size will need to submit an explanation. Costs are based on total Development and Construction Costs (exclud~~es~~ing acquisition) and calculated based on bedroom size for urban and balance of state ~~project~~Projects.

Urban definitions apply in the Metro Region and to any application ~~which meets~~which meets two urban ~~project~~Project criteria (e.g. more than four (4) stories, elevator, required structured parking, located on urban infill site).

I. Selection Criteria:

Both quantitative and qualitative factors are considered in the scoring. Qualitative measures are evaluated by a scoring committee comprised of Department personnel, industry leaders and regional representatives responsible for the competitive scoring and ranking the Projects. The criteria to be used~~, and the scoring group,~~ for each scored section will be as follows:

i. Need: 20 points

a. **Target Population**
Percentage of units to serve households with children and other populations with special needs including but not limited to veterans, elderly, people with the presence of a disability, previously incarcerated, survivors of domestic violence

b. **Severity of Need**
1. Population Growth ~~rate~~Rate;
2. Rental Housing Age,
3. Severe Housing Burden R~~r~~ate;
4. If New or Acquisition / Rehab; Affordable Housing Gap;
5. If Preservation; Community Affordable Housing Percent

c. **Underserved Geography**
Need Distribution of Affordable Housing Units Vs Actual Distribution of Affordable Housing Units.

A data based calculation that is used to distribute LIHTC funding across regions as well as evaluate the equitable distribution of funded affordable housing. It is based on most recent five (5) year American Community Survey data. The formula equally weights the number of renter households earning sixty percent (60%) of county median family income and the number of severely rent burdened (fifty percent (50%) or more of income on housing) households.

ii. IMPACT: 40 POINTS

New Construction and Acquisition / Rehabilitation Project Impact Criteria

a. **Plan Alignment**

Project applicants are asked to identify connections between the proposed Project and established local, regional and/or state published plans, including but not limited to Consolidated Plans and planning efforts of Regional Solutions Teams, Coordinated Care Organizations, Early Learning Hubs, or Workforce Investment Boards.

b. **HOME Leverage**

Projects will receive a point for any committed leverage of HOME and/or CDBG Funds; in Balance of State ~~project~~Projects will receive this point if acceptance of HOME as gap funding source is included in application for funds; those ~~project~~Projects in Participating Jurisdictions that also award Tax Increment Financing (or another OHCS approved place-based economic development funds) that are ~~used~~ awarded by Participating Jurisdictions in lieu of HOME for gap funding sources will also receive this point.

c. **State Initiative/Policy Alignment**

Project applicants are asked to identify the way in which the proposed Project advances long-term statewide human service policy priorities as articulated by the Governor or in enacted legislation and can demonstrate a specific plan for improving human service outcomes.

d. **Service Delivery**

Project applicants are asked to identify service delivery information. This information will include the partners involved, the division of responsibilities and accountability for service provision, referral, and outcome tracking.

e. **Affirmative Fair Housing Marketing**

Project applicants are asked to identify ways that their adopted Affirmative Fair Housing Marketing Plan achieves above and beyond the elements required by HUD. Additional actions should include, but not be limited to, using detailed demographic factors in designing outreach strategies; including partner agencies in marketing; a language access plan; preparing reports on identified outcomes; and continuous outreach programs that would be conducted to maintain a well-balanced waiting list that will assure the meeting of the affirmative marketing goals at all times.

~~Project applicants are asked to identify ways that their adopted Affirmatively Marketing Plan achieves above and beyond the elements required by HUD. Additional actions should include using detailed demographic factors in designing outreach strategies; including partner agencies in marketing; preparing reports on identified outcomes~~

f. **Location Efficiency**

1. Walk-ability;
2. Food Access;
3. Medical Access;
4. Public Transit;
5. Education for family housing.

g. **Location Preferences**

1. Vulnerable Gentrification Areas
   - i. Revitalization Plan;
   - ii. Qualified Census Tract;
   - iii. High Percentage Communities of Color;
   - iv. High Percentage Low Educational Achievement;
   - v. High Percentage Renters.
2. Opportunity Areas
   - i. Low Poverty Census Tract;
   - ii. High Ratio of Jobs to Population;
   - iii. Below Average Unemployment;
   - iv. High Scoring Schools.

Preservation Project Impact Criteria

a. **Tenant Impact**

1. Vulnerable Tenant Displacement;
2. Extremely Low Income;
3. Rental Assisted Units;
4. Tenant Protections;
5. Voucher Utilization;
6. Available and affordable rental housing option in the community.

b. **Risk of Loss**

1. Opt-out / Market Conversion Risk;
2. Physical Condition Risk.

c. **Prudence of Investment**

1. Total Cost per Unit;
2. Narrative Description of Costs; applicants are asked to describe the cost of the Preservation Project including providing context for the investment and assessing the Prudence of Investment for preserving the Project as compared to building new units.

d. **Plan Alignment**

Project applicants are asked to identify connections between the proposed Project and established local, regional and/or state published plans, including but not limited to Consolidated Plans and planning efforts of Regional Solutions Teams, Coordinated Care Organizations, Early Learning Hubs, or Workforce Investment Boards.

e. **HOME Leverage**

Projects will receive a point for any committed leverage of HOME and/or CDBG Funds; in Balance of State ~~project~~Projects will receive this point if acceptance of HOME as gap funding source is included in application for funds; those ~~project~~Projects in Participating Jurisdictions that also award Tax Increment Financing (or another OHCS approved place-based economic development funds) that are ~~used~~ awarded by Participating Jurisdictions in lieu of HOME for gap funding sources will also receive this point.

h. **Service Delivery**

Project applicants are asked to identify service delivery information. This information will include the partners involved, the division of responsibilities and accountability for service provision, referral, and outcome tracking.

i. **Affirmative Fair Housing Marketing**

Project applicants are asked to identify ways that their adopted Affirmative Fair Housing ~~ely~~ Marketing Plan achieves above and beyond the elements required by HUD. ~~Additional actions should include using detailed demographic factors in designing outreach strategies; including partner agencies in marketing; preparing reports on identified outcomes~~Additional actions should include, but not be limited to, using detailed demographic factors in designing outreach strategies; including partner agencies in marketing; a language access plan; preparing reports on identified outcomes; and continuous outreach programs that would be conducted to maintain a well-balanced waiting list that will assure the meeting of the affirmative marketing goals at all times.

f. **Location Efficiency**

1. Walk-ability;
2. Food Access;
3. Medical Access;
4. Public Transit;
5. Education for family housing~~;~~.

g. **Location Preferences**

1. Vulnerable Gentrification Areas
   i. Revitalization Plan;
   ii. Qualified Census Tract;

iii. High Percentage Communities of Color;
iv. High Percentage Low Educational Achievement;
v. High Percentage Renters.

2. Opportunity Areas
   i. Low Poverty Census Tract;
   ii. High Ratio of Jobs to Population;
   iii. Below Average Unemployment;
   iv. High Scoring Schools.

i. PREFERENCE: 10 POINTS

a. **Serving Lowest Incomes**
   1. Average Gross Median Income being Served;
   2. Rental Assistance such as Project Based Vouchers.~~Subsidy~~

b. **~~QAP~~ Federal Preferences**
   1. Intended for eventual tenant ownership;
   2. Energy efficient measures employed;
   3. Evidence of historic value for the community;
   4. Established commitment to marketing to public housing wait lists.

ii. FINANCIAL VIABILITY: 15 POINTS

a. **Development pro forma review**
   1. Pro forma includes only realistic and available resources on the Sources of Funding
   2. Explanation of how the development budget will still be valid at the start of construction
   3. Relocation Plan completed if warranted and aligns to development budget
   4. Developer's fee is within the OHCS ~~desired range~~policy
   5. If URA, the budget line item accurately reflects the ~~project~~Project cost based on the sufficient Relocation Plan
   6. If Commercial Real Estate is included in the Project, Sources and Uses are provided on a separate pro forma page

b. **Operating pro forma review**
   1. Affordable rents ~~begin~~ at least 10% below estimated market rents
   ~~2. Year one~~Debt ~~debt~~ coverage ratio is a minimum of 1.15:1 for amortizing debt. When utilizing OAHTC funds, the minimum debt coverage ratio is required to be

met *after* the OAHTC pass through is applied. ~~1.1 to 1.15 when using OAHTC or 1.20 to 1.35 when not using OAHTC~~

2.

3. Cash flow within OHCS guidelines or adequately explained ~~-~~(1.~~35~~ 30 or below, unless adequately explained or declining cash flows require a higher debt coverage)
4. Vacancy rate at 7% or adequately explained
5. Submitted reserve or replacement analysis and included adequate amount for replacement items in pro forma as detailed in QAP operating pro forma guidance.
6. Income inflation factor is less than expenses inflation factor

c. **Reasonable request and demonstrated need for resources**

1. Eligible basis requested is analyzed to determine if likely to be in basis (land, commercial, ineligibles are not supporting annual allocation, and there will not be a material gap in finances). ~~Basis analysis is based on reasonable project pro forma line items~~

d. **Well documented and explained construction costs**

1. Construction documents, including CNA, provide enough detail to adequately calculate ~~project~~Project hard costs
2. Construction and rehabilitation estimates substantially agree with the pro forma
3. Green building costs reflected in construction costs
4. Contractor overhead, profit and general conditions are within the required range for LIHTC as specified in Financial Viability section of the QAP.

e. **Explained exit strategy at year 15**

1. Exit strategy explanation adequate and acceptable.
2. There is any sort of plans imparted with strategies for success for the year 15 transfer to the general partner / managing member. ~~Safe harbor guidelines used in strategy~~.

iii. CAPACITY: 15 POINTS

a. **Owner, ~~sponsor~~Sponsor, management performance**

Project applicants with projects in the OHCS portfolio will be reviewed on the performance of all projects in the portfolio, the average score of all ~~project~~Projects will be used; Project applicants without projects in the OHCS portfolio will be asked to submit a letter indicating their compliance status with any existing projects (if unreported noncompliance is discovered later, it ~~will~~ may be grounds for rescinding awarded credits or negatively impact~~carry to~~ future applications for funding).

Portfolio project criteria will be calculated for each relevant project and summed and apportioned based on portfolio size.

1. **Federal Reporting Criteria**
   i. 8823s status
2. **OHCS Portfolio Compliance Criteria**
   i. Most recent REAC score;
   ii. Most recent Physical Review;
   iii. Most recent File Review;
   iv. Most recent Resident Services Review;
   v. Most recent Response Review;
   vi. CCPC submission received for current year shows compliance;
   vii. Ongoing compliance issues;
3. **OHCS Portfolio Viability Criteria**
   i. Financial submission as requested;
   ii. Most recent audited financial is closed;
   iii. Most recent audited financial Debt Coverage Ratio;
   iv. Asset management community evaluation completed satisfactorily;

b. **Minority Women and Emerging Small Business Utilization**

1. Identification of plans to engage MWESB contractors and subcontractors during the development process
2. Evaluation of performance against previous MWESB plans, when available

~~b.~~c. **Readiness to Proceed**

1. Funding commitment for planned Project funds;
~~1.~~2. Explanation of when other sources of funds will be available to the Project if not already committed is reasonable;
~~2.~~3. Demonstrated ability to begin construction within 12 months;
~~3.~~4. Proposed ~~project~~Project schedule appears adequate and reasonable;
~~4.~~Explanation of why ~~project~~Project must be funded now as opposed to future NOFAs reasonable.
5. ~~Explanation of when other sources of funds will be available to the Project if not already committed is reasonable~~

J. Ranks and Tie Breaking

Applications are first ranked ~~by~~ within each Geographic Region. Applications with the highest in overall scoring within each Geographic Region ~~set-aside~~ will be ~~funded~~ recommended for funding as allocated resources allow as long as projects meeting the soft set-aside are represented; if no Applications eligible for a set-aside score are ~~adequately to~~ ranked at the top of the list, the highest scoring project(s) that can be fully funded with the set aside allocation will be recommended for funding and the Applications with the highest overall score within each Geographic Region will be allocated LIHTCs until the balance of available LIHTCs or other Department funding sources are not adequate to support any other Applications within the Geographic Region. If no Applications eligible for a set-aside score adequately to be funded in the region the funds will be put back into the regional pool. ~~Once set-aside Projects are funded, the Applications with the highest overall score within each Geographic Region will be allocated LIHTCs until the balance of available LIHTCs or other Department funding sources are not adequate to support any other Applications within the Geographic Region.~~

If there are remaining LIHTCs in any of the Geographic Regions, such remaining LIHTCs will be pooled, along with any remaining Department funding sources, for further consideration for the remaining unfunded Applications. Applications would then be ranked statewide by overall score and additional reservations may be issued until the balance of available LIHTCs or other Department funding sources are not adequate to support any other Applications.

If LIHTCs and/or other Department funding sources remain after all reservation processes are complete, the Department may choose, at its sole discretion, whether or not to award any or part of the remaining LIHTCs/resources.

If the total evaluation scores of two (2) or more Applications result in a tie and LIHTC allocation availability are insufficient to fund all tied Applications, the following criteria will be used to break the tie:

- If the tied Projects are in different Regions and more than fifty percent (50%) of the remaining funds comes from one of those Regions; that Project will be funded.
- If the tied Projects are in the same Region, or from Regions whose allocation contributes less than fifty percent (50%) of the remaining funds, the Project with the lowest Average Median Income served will be funded.
- If the Average Median Income is tied, the Project with the lowest cost (excluding acquisition and reserves) will be funded.

K. Returned and Unused LIHTC Allocation Authority

i. Reissuing Returned Awards

In the event an Application being considered for a LIHTC Reservation or Allocation either withdraws or is cancelled; or available credits were ~~, or was~~ not originally allocated during the funding cycle, or can't make its carryover requirements, or National Pool is awarded above current allocations, the Department, at its sole discretion, may do any of the following:

a. If needed and available, fill Project gaps for previously funded Projects that have not met Carryover;
b. Fund the next highest ranking Application from the current funding cycle that matches or is closest to the amount of LIHTCs and other Department funding sources available. The Applicant will be given thirty (30) days to reevaluate the financial feasibility and determine whether or not the proposed Project can move forward. Once the Department has published the Application Rankings, such rankings will be used to allocate LIHTCs during the annual funding cycle until October 1. At that time, funding order will be relinquished until re-established in a subsequent Notice of Funding Availability. Any returned credits after Sept. 30 of any year will be treated as if received in the following year, and will be allocated as part of that future allocation year.
c. The Department may issue a Request ~~for~~ For Proposals (RFP), or special application process for Projects to complete for the unused LIHTCs.
d. Add the amount to the total available to the following calendar year's application-award cycle.

To the best of its ability, the Department will maintain the desired funding split between Geographic Regions.

Applications will remain eligible for the funding cycle for which they applied for LIHTCs only if the Applicant has not applied as a four percent (4%) non-competitive Project and received a reservation of non-competitive credits.

~~If a funded Project cannot meet Carryover requirements, or becomes ineligible for the LIHTC for any other reason, the next highest ranking and eligible Project will be notified. Other Department funding sources for possible replacement Projects may also be reserved based upon any availability.~~

ii. RE-EVALUATION OF RESERVATION

The following events will result in a re-evaluation of a previously issued Reservation:
a. Failure to close within two hundred forty (240) days of the Reservation ("Reservation Period"),
b. A material change so that the Project or Applicant no longer meets the Minimum Qualification Threshold or any of the competitively scored criteria,
c. The proposed Project will not be placed in service by the date mutually agreed upon,
d. Other material causes at the Department's reasonable discretion.

In the event of a re-evaluation of Reservation, the Agency, at its reasonable discretion, may do any of the following:
a. Revoke the Reservation,

b. Approve requested changes to the original Application as proposed,
c. Take no action.

IV. General Threshold and Underwriting

A. Project Feasibility and Viability

~~The Department will determine the amount of tax credit necessary for a project's financial feasibility and viability as a qualified low-income housing project. The Department will not allocate or award to a project more than the minimum amount of tax credits required to ensure a project's financial feasibility and viability.~~The Code requires OHCS to allocate only what is necessary for financial feasibility throughout the credit period. OHCS will evaluate each proposed Project taking into account relevant factors, including but not limited to the following items:

1. Project cost, including the reasonableness of cost per unit, developer fees and overhead, consultant fees, builder profit and overhead, and syndication costs;
2. Sources and uses of funds and the total financing planned for the Project, including the ability of the Project to service debt;
3. The proceeds or receipts expected to be generated by reason of tax benefits;
4. The use of federal funds and other assistance;
5. Other factors that may be relevant to the economic feasibility of the Project such as the area economy or the housing market

Based on this evaluation, OHCS will estimate the amount of tax credits to be reserved for the Project. This determination is made solely at OHCS's discretion and is in no way a representation as to the actual feasibility of the Project. Rather, it will serve as the basis for making reservations of tax credits for Projects competing for credit from the federal housing credit ceiling or it will serve as an initial determination of credit amount with respect to a Project financed by private activity bonds. The amount of tax credits may change during the allocation process due to variations in cost, mortgage amount, tax credit percentage, syndication proceeds, etc.

A complete market analysis must be submitted 90 days after Reservation for 9% LIHTC ~~and~~ or at application for 4% LIHTC. See Market Study appendix for complete requirements

B. General Thresholds:

The Department has established the following Minimum Threshold Requirements (Thresholds) for evaluating Projects. The ~~Requestor~~ Applicant must demonstrate in the ~~Request~~Application compliance with all the applicable Thresholds. Failure to pass any of these Thresholds will disqualify the Application from scoring and therefore ~~the Request~~ from receiving any funding ~~resources~~.

i. ADMINISTRATIVE REVIEW; COMPLETE APPLICATION AND APPROPRIATE CHARGE

The Applicant must submit a complete, legible, and executed Application satisfactory to the Department. The Applicant must include all required attachments and the appropriate Application charge by the deadlines established by the Department. The Applicant must use the Department's Application forms.

When responding to a NOFA, the Application, attachments, and Application charge must be received by the Department at its office no later than 4:00 pm Pacific Time on the Application ~~deadline~~due date. No late Applications will be accepted.

The Applicant may pay the charge with a business or personal check, a money order, or a cashier's check. Cash is not accepted. An Application submitted with a check that is returned for insufficient funds will be disqualified and not considered further.

The Applicant must include all of the required attachments to show the Project meets the Minimum Threshold Requirements and all Allocation Criteria the Applicant has selected for the Project.

The Department will only consider the material and information included in the Application when it is first submitted for any competitive NOFA processes, except for (i) changes permitted by the Department in its discretion, and (ii) material accepted during a ~~Correction~~ correction ~~P~~period. ~~Material changes for 4% applications are accepted throughout the process.~~

~~Correction Period~~

If the Department determines an Application is substantially complete, but a minor item is missing, incorrect, or needs clarification, the Applicant will have five (5) business days from receipt of written notice from the Department to submit the required information. At the discretion of the Department, additional time may be permitted to submit the required information. The written notice will be sent to the address of the contact person identified in the Application. If the Applicant fails to submit the required information within the required time period (including extensions) the Department may disqualify the Application.

The ~~C~~correction ~~P~~period does not apply to any Application determined to be materially incomplete by the Department. Material changes for 4% applications are accepted throughout the underwriting process.

ii. ASSET MANAGEMENT COMPLIANCE

Applicant's current portfolio of Projects monitored by the Department must be in compliance with required Program and Department regulations. Each Applicant will be evaluated using a standardized internal process reviewing asset management and compliance categories with portfolio thresholds and will be evaluated based on the size of the portfolio. Compliance categories evaluated will include the following:

a. Most recent rating received for management reviews;
b. Physical inspections;
c. Tenant file reviews;
d. REAC scores;
e. Submission of required reporting including financial audits and certifications of program compliance (CCPC's);
f. Owner and Management cooperation with reporting and communication; and
g. Need or outcome for a community evaluation within the last year.

The past performance of each ~~Requestor~~Applicant will be evaluated internally by reviewing standard asset management and compliance categories against portfolio thresholds which are established based on the size of the portfolio.

iii. PROGRAM COMPLIANCE

~~Requestor~~Applicants must satisfy all Project ~~Requirements~~ requirements including, but not limited to, the Program Requirements for all applicable Department funding sources. Each Department funding source has separate requirements within the ~~Request~~ Application, including forms and exhibits that must be submitted simultaneously~~ with the Request Application~~. These ~~Requests,~~ forms and exhibits are more particularly described and available in the Applications and Program Manuals. ~~The Request must be in compliance with all Project Requirements including, but not limited to, all relevant Program Requirements in order to be considered for funding.~~

iv. RESIDENT SERVICES

The Applicant is required to provide a Resident Services Description at the time of Application, in accordance with the goals and guidelines in Appendix D.

v. RELOCATION PLAN

If any relocation or displacement might occur as a result of an Allocation, the Application must contain a relocation plan satisfactory to the Department including all of the following:

a. A complete survey of existing tenants using the format provided by the Department. This survey must be augmented to include third party income verification and be completed and approved by the Department prior to the Equity Closing.
b. Type of displacement that will occur (permanent or temporary).

c. Proposed relocation/displacement process. Indicate compensation and advance notice provided to those subject to displacement.
d. Availability of comparable units in the community.
e. Describe the local jurisdiction displacement/relocation policies, if applicable.
f. Describe how tenants with disabilities will be assisted regarding relocation or displacement.
g. Provide regular updates on each resident to be relocated or displaced; and
h. For Projects receiving federal funds, the Uniform Relocation Act (URA) may apply. URA requirements, if inconsistent, will supersede any of the above.

vi. MINORITY, WOMEN, AND/OR EMERGING SMALL BUSINESS (MWESB) ENGAGEMENT

Minority, Women, and / or Emerging Small Businesses (MWESB) contractors are those registered with the State at the time of 8609.

All applicants will be required to identify ways and/or targets that they will contract with MWESB contractors/subcontractors in the construction and operation of the proposed Project.

Awardees will be required to submit a report to OHCS demonstrating outcomes of efforts to contract with MWESB contractors/subcontractors, using state registry at the time of the Form 8609 issuance

~~vi.~~vii. READINESS TO PROCEED

a. **Site Control**

The Applicant must have control of the land and other real property necessary for the Project by the Application deadline and submit evidence of that control with the Application. Acceptable evidence of site control is a document that has a complete and accurate legal description and is either:

1. a recorded deed or conveyance showing the Applicant has Ownership,
2. a valid purchase and sale agreement,
3. a valid option to purchase,
4. a valid option for a long-term lease, or
5. any other evidence satisfactory to the Department.

The name on the evidence of site control and the ~~Application~~ Applicant must be **exactly** the same. The site control document ~~also~~ must identify the exact same area as the Project site listed in the Application and the exact same cost for the land and/or existing buildings for the Project referenced in the development budget provided with the Application. If the site description in the Application and the site control document are not exactly the same, the Applicant must provide a narrative description and supporting documentation satisfactory to the Department to clarify how the area and cost for the Project were established.

The Department will only accept one Application for a specific site or for any part of the same site, regardless of whether Applications are submitted by the same Applicant or by multiple Applicants. If there is more than one (1) Application received for the same site, or any part of the same site, the Department may disqualify one (1) or all of the Applications. The *non-refundable* Application charge for each Applicant will be retained by the Department.

b. **Additional Federal Project Resources Status**

If the Applicant has identified additional federal resources, such as rental or capital assistance from Housing and Urban Development (HUD), US Department of Agriculture Rural Development (RD), or Veteran's Administration (VA), as part of the funding structure, the Applicant will be required to provide evidence satisfactory to the Department that an application for these resources has been submitted and remains active.

c. **Adequacy of Development Schedule**

The Applicant's development schedule must clearly demonstrate that funds will be invested and the Project will be constructed, leased and stabilized within all required Program(s) time frames.

d. **Adequacy of Environmental Checklist**

If there is any adverse ~~Environmental~~ environmental factors established at the time of the Department's Environmental ~~review~~Review, the Applicant must provide a satisfactory mitigation plan.

C. GENERAL UNDERWRITING

i. PROGRAM LIMITS:

The Department has established the following program limits (Program Limits) for evaluating Projects. The ~~Requestor~~Applicant should demonstrate in the ~~Request~~Application compliance with all the Program Limits. In determining the amount of Program resources to allocate to a Project, the Department may reduce the budget and funding amounts to reflect the Program Limits listed below. If ~~Requestor~~Applicant varies from the following Program Limits, mitigating factors must be provided by the ~~Requestor~~Applicant, which factors will be subject to Department consideration in its sole discretion.

ii. MAXIMUM CONSTRUCTION CONTINGENCIES INCLUDED IN LIHTC DETERMINATION:

The maximum amount of LIHTCs reserved or allocated to a Project will be determined after limiting the rehabilitation contingency to ten percent (10%) of the rehabilitation costs and the new construction contingency to five percent (5%) of new construction costs. Rehabilitation costs include rehabilitation hard costs, site work costs, general conditions, and contractor profit and overhead. New construction costs include new construction hard costs, site work costs, general conditions, and contractor profit and overhead.

~~Maximum LIHTCs per Project~~

~~9% Credit Reservations and Allocations to a single Project are limited to not more than ten percent (10%) of the Per Capita Annual Authority Available in a given year (Application Cap), rounded up to the nearest $10,000.~~

iii. MAXIMUM DEVELOPER FEES

The Department will consider Developer fees that include,

- up to fifteen percent (15%) of Total Project Costs less acquisition, reserves, and the requested developer fee amount

  PLUS

- five percent (5%) for acquisition where there is no identity of interest and zero percent (0%) for acquisition where there is an identity of interest; those Projects acquired from an unrelated party within four (4) years of application for the purposes of Preservation are eligible for the additional five percent (5%) for acquisition based on the acquisition cost of the initial third party transaction.

For this purpose, developer fees shall be deemed to include all consultant fees (other than arm's length architectural, engineering, appraisal, market study and syndication costs), and all other fees paid in connection with the Project for services that would ordinarily be performed by a developer, as determined by the Department.

The Developer Fee ~~for 9% LIHTC~~ will be set at the time of the construction/equity closing based on the Project's final budget after construction bids have been accepted and final sources and uses have been balanced, but will not exceed the amount in the application without ~~.~~ approval which will be at the sole discretion of the Department and will not be unreasonably withheld for justifiable increases in the scope of work, as long as the developer fee does not exceed the Department's approved maximum developer fee. ~~The Developer Fee for 4% LIHTC will be set at time of application.~~ The fee presented in the Placed in Service documentation may not exceed the amount finalized at closing. It is expected that a Project with excess funds will return those funds to one or more of the public funders involved upon Project completion. Other Department resources will have a priority for return upon the determination of excess funds for the Project.

To be included in tax credit basis, deferred developer fees must be due and payable at a certain date generally within a time period that does not exceed fifteen (15) years. Cash-flow ~~Projections~~ projections must support the expectation of repayment. If repayments are not illustrated annually, the portion not illustrated to be repayable will be removed from eligible basis.

~~For acquisition/rehabilitation Projects where the cost of rehabilitation is less than twenty-five percent (25%) of the reasonable "as-is value" of the building, the Department will only allow developer fees up to ten percent (10%) of Total Project Costs less reserves, and less the requested developer fee amount. Total rehabilitation costs consist of the budget categories of site work, rehabilitation, contractor overhead and profit, and contingency. The Department may require a current third-party FIRREA compliant appraisal to establish the building's as-is value to be ordered by the Department or third-party lender and to be paid for by Applicant.~~

For the purposes of this policy, Reserves, Developer Fee and any amounts attributed to commercial areas or other non-residential areas are not considered part of the Total Costs upon which the Developer Fee is determined.

~~Using the final budget at Equity Closing, the Department will evaluate the balance of sources and uses and confirm the amount of the final Developer Fee.~~

iv. OPERATING EXPENSES

Operating expenses will be reviewed for reasonableness within the budgets submitted; Applicant may be required to submit documentation (including for example three years of audited financials for rehabilitation ~~project~~Projects) to substantiate that any or all of the ~~project~~Projects revenue or costs are reasonable. OHCS will review against its portfolio and take into consideration input from lenders and investors.

v. MAXIMUM CONTRACTOR'S PROFIT AND OVERHEAD

~~Maximum combined profit and overhead of the general contractor is subject to the reasonable discretion of the Department. The Department may consider factors including, but not limited to, the financial feasibility and viability of the Project, the complexity of the construction, the overhead costs of the general contractor, and area profit margins and overhead in determining the allowable level of combined profit and overhead.~~ When the general contractor is a Principal, Related Party or otherwise has an Identity of Interest with the ~~Requestor~~Applicant or Project Owner, the Department will limit the general contractor's combined profit, general conditions and overhead to an amount up to ten percent (10%) of total rehabilitation/construction costs plus site work costs. All others will be limited to a combined profit, overhead and general conditions amount of up to fourteen percent (14%) of construction costs plus site work. ~~Maximum combined profit and overhead of the general contractor is subject to the reasonable discretion of the Department.~~

~~vi. OHCS LOANS~~

~~OHCS loans will be offered with either interest only or interest and principal annual payments depending upon the debt coverage ratio (DCR) in the application for HOME funds. Projects with a DCR greater than a 1.15 to 1 (based on permanent loan after OAHTC plus HDGP loan) will be charged annual interest payments plus principal payments. Projects with a DCR less than 1.15 to 1 will be charged only annual interest payments. Payments will be due 120 days after the calendar year end. Prepayments will be accepted with no penalty and any unpaid principal remaining at the end of the loan period will be immediately due.~~

D. INAPPROPRIATE USE OF RESOURCES

i. DEBT REDUCTION

Program resources may not be used to buy down or refinance existing debt.

ii. REIMBURSEMENT FOR PRIOR CONSTRUCTION

Program resources may not be used to reimburse construction or rehabilitation work started or completed within six (6) months before a 9% Application or approved intent resolution for 4% LIHTC. ~~an initial Request is received by the Department.~~

E. FINANCIAL FEASIBILITY

i. SOURCES AND USES STATEMENT:

The ~~Requestor~~Applicant must submit the Sources and Uses statement with its ~~Request~~Application or as otherwise required by the Department**.** The Sources and Uses statement must describe all of the funds or Sources to be used to pay for all Project costs and the intended Uses of such funds. The statement must identify each separate source and use and the estimated timing of final approval for each. The Sources and Uses must balance fully and no Source may be unknown. If any sources or uses are identified as unknown at the time of review, the ~~Request~~Applicant's application may be deemed incomplete and removed from further processing.

Acquisition cost must be supported by an appraisal	Possible exception for HDGP and GHAP only ~~project~~Project at the discretion of OHCS

Construction Inflation Factor/Cost Escalator (applies to separate line item above and beyond construction bid)	~~2~~ 3 % of total construction cost
Contractor Profit, General Conditions and Overhead – non Identity of Interest (does not include insurance)	14% of total construction cost or less
Contractor Profit, General Conditions and Overhead – Identity of Interest (does not include insurance)	10% of total construction cost or less
Soft Costs	30% of Total Project Cost or less
Operating Reserve	Generally ~~Limited to~~ six (6) month ~~or less~~ of operating expenses ~~+ debt service~~or lender / investor conditions
Lease Up Reserve	Submit cash flow analysis utilized to determine the amount
Reserve for Replacement (Capitalized)	Submit evidence of the partner lenders and/or investors to document their requirement

ii. OPERATING PRO FORMA:

The ~~Requestor~~Applicant must submit with its ~~Request~~Application an operating pro forma for the Project satisfactory to the Department demonstrating financial feasibility and viability of the Project for a typical fifteen (15) year compliance period. Different Programs may have different compliance periods and the Department may require that the operating pro forma address relevant compliance periods. In addition, the ~~Requestor~~Applicant must demonstrate that the Project will continue to be economically feasible and have adequate replacement reserves for an extended use period of an additional fifteen (15) years after the initial compliance periods. The operating pro forma must list each of the compliance periods and extended use periods separately and include assumptions, notes and explanations regarding the respective income and expense projections.

Absent a long-term commitment (in excess of ten (10) years), Projects with rental assistance must demonstrate financial feasibility excluding the rent subsidy.

If the Project includes commercial and/or other non-residential space, the ~~Requestor~~Applicant must submit the following information and supporting documentation in addition to the residential pro forma requested above:

a. A breakdown of the total residential and commercial ~~project~~Project costs,
b. A list of the financing sources for the commercial areas,

c. Ownership entity and management agent of the commercial areas; and
d. A thirty (30) year operating pro forma for both the residential and commercial areas.

e. Such other information as the Department may require.

The pro forma must contain the following data:

a. Growth assumptions that are typically estimated at two percent (2%) per year for income and three percent (3%) per year for expenses.
b. Estimates of income and expenses that are well documented by actual historical amounts, comparable income or expense studies, ~~Requestor~~Applicant market assessment, a market study or an appraisal.
c. Such other information as the Department may require.

The pro forma also must address the following industry benchmarks:

a. A vacancy rat~~io~~e of not less than seven percent (7%), if a different rate is used, explanation must be provided in the Financial Description section of the application.
b. An expense ratio and expenses per units properly scaled to the size and scope of the improvements, the cost of local utilities and taxes and the makeup of tenant population served.
c. Replacement reserves properly scaled to the size and scope of the improvements and the age and condition of the property. Minimum guideline of $350 per unit per year, $300 for Senior Projects; amounts in excess will be allowed if reasonably justified by Capital Needs Assessment and / or lenders conditions. The CNA is described in the Architectural Appendix.
d. Operating Reserves that are limited to six (6) months or less of operating expenses plus debt service.
e. Standard for repairs and maintenance;
   1. $400 New construction
   2. $450 Rehabilitation
      i. If outside of the guidelines, provide justification.

While using some benchmarks and industry best practices to evaluate the information, each pro forma will be separately assessed based on its reasonable and well-documented projection of income and expenses to determine if it effectively demonstrates the Project's financially feasibility and viability.

~~iii. Rehabilitation and Replacement Reserves~~

~~Minimum guideline of $350 per unit per year, $300 for Senior Projects At the time of Application, requests for rehabilitation Projects are required to provide a thorough Capital~~

~~Needs Assessment (CNA) satisfactory to the Department. Replacement reserves need to be properly scaled to the size and scope of the improvements and the age and condition of the property as demonstrated by the CNA.~~ ~~The CNA is described in the Architectural Appendix.~~

~~iv.~~iii. MINIMUM DEBT COVERAGE RATIO

~~For Projects that require first mortgage financing, t~~The minimum ~~year one~~ Debt Coverage Ratio (DCR) will be 1.15~~20~~:1 for all amortized debt through the initial 15-year pro forma period. Projects with debt coverage ratio that exceed 1.30:1 may be eligible for less credit amount than calculated as discussed in Section IV, A, project feasibility and viability. Projects are underwritten on an individual basis in concert with the lenders to determine an appropriate DCR and perform subsidy layering. ~~the primary debt. If there are project-based rental assistance contracts designated for the Project, then the DCR may be as low as 1.15 in the Department's discretion. The maximum DCR at year 20 is 1.15:1 for primary debt. If it is beyond the maximum the Department will consider exceptions if project submits documentation to substantiate their maximization of first lien debt.~~

~~If there is secondary debt, or has Rural Development primary debt that is hard debt with required monthly or annual payments, then a minimum Debt Coverage Ratio of 1.10:1 will be used for the combined primary and secondary debt payments. Secondary debt repaid out of excess cash flow only may be below the required 1.10:1 in the Department's discretion. The interest rate in any partnership loan that is part of the project may not exceed, but can be less than an interest rate equal to the Applicable Federal Rate for the term of the loan.~~

~~v.~~iv. DEBT UNDERWRITING:

Many Projects require ~~primary~~ amortized ~~mortgage~~ debt as one of the sources of funds. If there is ~~mortgage~~ amortized debt, the proposed debt service coverage, and breakeven ratios must be in conformance with Department limits and industry norms noted previously. If there is no mortgage debt, then the pro forma must demonstrate a stable positive cash flow over the required economic life of the Project.

F. DEVELOPMENT TEAM CAPACITY

i. PREVIOUS EXPERIENCE

The ~~Requestor~~Applicant must demonstrate to the satisfaction of the Department that the ~~Requestor~~Applicant, the developer, the project management consultant, the general contractor, the development consultant under contract and/or other persons or organizations materially involved in the acquisition, construction, rehabilitation, development, or improvement of the Project has:

a. successfully completed a multi-family housing project of a comparable number of housing units, of similar complexity, and for a similar target population as the proposed Project;

b. the necessary level of staffing and financial capacity to successfully manage development and operations of its current Project portfolio including, but not limited to, all current and pending ~~project~~Projects and ~~Request~~Applications; and

c. successfully completed previous ~~project~~Projects for which a similar Program allocation was received in Oregon or other states.

If the ~~Requestor~~ Applicant is using a development consultant to show this capacity, the ~~Requestor~~Applicant must also submit a copy of the executed contract detailing terms, conditions, and responsibilities between the ~~Requestor~~ Applicant and the development consultant at Application.

ii. Property Management Capacity

If the ~~Requestor~~Applicant is going to employ a property manager with respect to the Project, the ~~Requestor~~Applicant must provide a document detailing the experience level of the proposed property management firm that demonstrates they have successfully managed:

a. a multi-family housing project of a comparable number of housing units and/or of a similar complexity as the proposed ~~project~~Project; and

b. a multi-family assisted or subsidized housing project with local, state, and/or federal operating requirements comparable to those of the requested Program.

iii. Financial Capacity:

As disclosed in the ~~Request~~ Application or other required information, ~~Requestor's~~ Applicants financial condition must not contain any adverse conditions that might materially impair the ~~Requestor~~Applicant's ability to perform its financial obligations as ~~sponsor~~Sponsor during the construction or stabilization of the Project.

iv. Department Sole Discretion

The Department reserves the right to determine, in its sole discretion, whether the Third-Party Letters of Interest or Intent, Award Letters, or Commitment Letters are satisfactory, and whether a lender or investor possesses the financial or other capacity to make a specific loan or investment. A change in the Project's financing structure or financing terms after Reservation of Department funds must be brought to the attention of the Department. The Department may in its sole discretion re-underwrite the Project, which may result in all or a part of the Department resources being recaptured or reduced by, or returned to, the Department.

v. PROJECT/REQUEST DENIAL

The ~~department~~ Department may reject an Application ~~Request~~ where the ~~Requestor~~Applicant, Owner, Principal, or other Participant with respect to the proposed Project, previously has:

a. Failed to complete ~~project~~Projects in accordance with requests or certified plans presented to the Department or other public or private allocating agencies.
b. Failed to complete a ~~project~~Project within the time schedule required or budget indicated in the request.
c. Failed to effectively utilize previously allocated program funds and notified of such failure to meet appropriate utilization in advance of request NOFA closing date.
d. Been found to be in non-compliance with program rules as evidenced by Department or other public or private allocating agency ~~project~~Project monitoring and missed the cure time deadline given in writing.
e. Been debarred or otherwise sanctioned by the Department or other state, federal or local governmental agency.
f. Been convicted within the last ten(10) years of criminal fraud, misrepresentation, misuse of funds, or moral turpitude or currently is indicted for such an offense.
g. Been subject to a bankruptcy proceeding within the last five (5) years.
h. Otherwise displayed an unwillingness or inability to comply with Department requirements.

The Department reserves the right to disapprove any ~~Request~~ Application if, in its judgment, the proposed Project is not consistent with the goals of providing decent, safe and sanitary housing for low-income persons. The Department may impose additional conditions on Project ~~sponsor~~Sponsors for any Project as part of the ~~Request~~Application, Reservation or Allocation processes.

G. FINANCIAL SOLVENCY AND LITIGATION STATUS

As part of the Application and at such other times as required by the Department, the Applicant must provide a certification with respect to the financial solvency of the Applicant, the Project and certain Project participants in the form required by the Department.

If the certification discloses any financial difficulties, risks or similar matters the Department believes in its sole discretion might materially impair or harm the successful development and operation of the Project as intended, the Department may:

i. Refuse to allow the Applicant or other participant to participate in the Tax Credit Program or other Department Programs,

ii. Reject or disqualify an Application and cancel any LIHTC Reservation or Allocation,

iii. Demand additional assurances that the development, Ownership, operation, or management of the Project will not be impaired or harmed (such as performance bonds, pledging unencumbered assets as security, or such other assurances as determined by the Department);

iv. Take such other action as it deems appropriate.

The Applicant must also immediately disclose throughout the Application process and throughout the development and operation of the Project if there is a material change in the matters addressed in the certification.

V. LIHTC Requirements and Processes

A. LIHTC Reservation and Carryover Allocation Requirements

Those Projects selected by the Department as eligible for LIHTCs will be issued a LIHTC

Reservation, Carryover Allocation, and Form 8609 only if they meet the requirements set out in the Department's documentation. The Department may disqualify the Project/Application and cancel the LIHTC Reservation and Carryover Allocation for any Project if these requirements are not met by the deadlines set by the Department.

i. Reservation Period

If the Applicant does not satisfactorily complete the conditions of the LIHTC Reservation Letter and/or the Carryover Allocation Agreement the Project may have the LIHTC Reservation rescinded.

The Department may reallocate LIHTCs in accordance with Section ~~VI(ii)(F)~~III K.

The Department will require each Applicant that has received a LIHTC Reservation to demonstrate the Project is making satisfactory progress towards completion through regular progress reports.

ii. No Representation or Warranty

Issuance of a Department funding resource Reservation shall not constitute or be construed as a representation or warranty as to the feasibility or viability of the Project, or the Project's ongoing capacity for success, or any conclusions with respect to any matter of federal or state law. All Department resources are subject to various state and federal regulations governing the specific program from which they are obtained, and ~~Requestor~~Applicants are responsible for the determination of their Project's eligibility and compliance consistent with all Project Requirements.

iii. 9% LIHTC Carryover Allocation Agreement

Applicants, on or before December 1st of the LIHTC Allocation Authority year, must submit either an application for LIHTC Carryover Allocation (if the Project is still in the construction phase), or a Final Application indicating placed-in-service.

All LIHTC Carryover Allocations will be made on a "Project" basis. The LIHTC amount that qualifies for a Reservation to any Project is the lump sum amount of that available to each qualified building in the Project. The actual amount of LIHTCs available for any specific building will be apportioned from the lump sum Carryover Allocation of Credit and determined when that building satisfies the placed-in-service Allocation requirements.

B. Ten Percent (10%) Carryover Test for 9% LIHTC Projects

Within twelve (12) months of the date of the Carryover Allocation Agreement the 9% LIHTC Applicant must demonstrate to the satisfaction of the Department that it has incurred more than ten percent (10%) of the reasonably expected basis of the Project by certifying to the Department that it has fulfilled this requirement and submitting a CPA's certification.

The CPA's certification should itemize all of the costs incurred to satisfy the ten percent (10%) requirement. If the Applicant is itemizing any portion of the developer fee or consultant fees for purposes of satisfying the ten percent (10%) requirement, the certification must contain a detailed breakdown of the services performed by the developer and each consultant and the amount of the fees apportioned to each service. The Applicant must also submit a copy of all developer and consultant contracts as well as an itemized statement apportioning the fees earned to each service provided.

The Department may require the Applicant to submit additional documentation of the costs reflected in the certification and the Department may limit or exclude certain costs if it cannot determine that they are reasonable and appropriate.

C. Compliance with Code and Department Requirements

The Department may choose not to issue a Carryover Allocation Agreement if the Applicant, a Principal, or any member of the Development Team is in Noncompliance with any applicable Program Requirement. If the Department decides to disqualify the Project/Application and cancel the LIHTC Reservation, any LIHTCs reserved to the Project will be automatically returned to the Department without further action of the parties and the Applicant will have no further right to such LIHTCs.

D. Determination of LIHTC Allocation Authority Year

When making a Reservation of LIHTC, the Department reserves the right to decide whether a Project will receive an Allocation from the closest forward allocated years' credit ceiling or an Allocation from the next following year's credit ceiling (Forward Allocation). This decision may be based on factors including, but not limited to, the Project's readiness to proceed and the likely timing of a Project's ability to satisfy the ten percent (10%) test. The Department reserves the right to exchange a current year Allocation with a future year's credit Allocation if the Department, in its judgment, is at risk of not allocating its entire current year credit ceiling.

E. FORWARD LIHTC COMMITMENT

If due to insufficient Annual Authority, the last Project to receive an LIHTC Reservation or Carryover Allocation in any round receives a Carryover Allocation for only a portion of the LIHTC needed, the Department may choose to provide the Project a Forward Credit Commitment for the balance of LIHTCs needed from the year after the majority funding allocation year. If most are funded, for example, from the 2017 allocation year, one (1) or more ~~project~~Project may receive a 2018 allocation instead to fully fund a qualifying ~~project~~Project. The Forward Credit Commitment will be contingent upon having Annual Authority available in the following year. Thus, the Forward Credit Commitment contract may be executed even though it is uncertain whether there will be any available Annual Allocation Authority. The Applicant should be aware of and assumes the risks of proceeding with a Project given this uncertainty.

The Department may, in its discretion, commit up to ten percent (10%) of the following year's anticipated Annual Authority for this purpose.

If an Applicant receives a Reservation commitment of current funding cycle resources and receives additional LIHTCs in a subsequent year, the applicable Qualified Allocation Plan and LIHTC Program Manual will be those in place for the earliest funding cycle in which an award of funds is received.

F. EXCHANGE ~~A~~ OF 9% CREDIT AWARD FOR SUBSEQUENT YEAR'S CREDIT ALLOCATION

Once an Applicant has received a Reservation of LIHTCs, the Applicant has the responsibility to complete the Project by the timelines identified in the IRC Section 42 and as outlined in the LIHTC Program Manual.

The Department reserves the authority to exchange an Allocation of Credits from one (1) year for the exact same amount of Credits in a subsequent credit year.

Applicants must determine good cause to return their Reservation to the Department, and as such the Applicant has a one (1) time option to return their Allocation to the Department, as follows:

i. No later than March 31 of the year following the Reservation of LIHTCs, an Applicant may request to return its allocation for the exact same Project for which the credit was originally allocated at Carryover and exchange it for an award of the same amount of credits from the next credit year as the amount returned. For example, a 2016 awarded Project that receives a forward reservation of 2017 tax credits of the exact same amount can transfer if requested by March 31, 2017, to get an allocation of 2018 credits. This is necessary if the Project will not be placed in service by December 31, 2019 and needs to wait to place in service until the end of 2020.

ii. After LIHTCs have been returned, an Applicant may apply for additional LIHTCs.

iii. Projects must comply with the requirements applicable in the initial year of award and all representations made in the initial application (unless specifically and explicitly waived by the Department).

iv. The Department will not consider filling gaps resulting from increased costs when evaluating a requested exchange of credit reservation years.

G. Affordability Period

All ~~project~~Projects receiving the Department funds, excluding ~~project~~Projects funded solely with ~~bond /~~ 4% LIHTCs~~tax credits~~ or Oregon Affordable Housing 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 ~~project~~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~~Director, with approval by the Housing Stability Council, and may include recapture of invested funding and appreciation

H. Extended Use Agreement (REUA)

As a condition of receiving an Allocation from the Department, the Applicant must enter into an REUA satisfactory to the Department that applies to each building in the ~~Project~~Project. The provisions of the REUA will apply for the applicable "Affordability Period" from the date the Project is placed-in-service (the fifteen (15) year compliance period and an additional "extended low-income use period").

I. Placed-In-Service Allocation Requirements

All LIHTC Applicants are required to complete a Final Application containing the required documentation. Any changes from the Equity Closing are subject to Department review and approval prior to the issuance of IRS Form 8609.

The Department will accept and process Final Application documents and issue IRS Form 8609(s) throughout the year. Commercial costs should be separated from the Cost certification in an individual column, or deducted from the total Residential costs . In either circumstance, the Uses pages should identify both components of cost separately. However, a Project Owner must submit a complete application with all Placed-In-Service documentation, including the independent Certified Public Accountants Report (Cost Certification) and the certificates of occupancy for each building in the Project at least sixty (60) days prior to when they expect to receive the IRS Form 8609(s).

J. 4% LIHTC Allocation Procedures for Tax-Exempt Bonds

Under Development; to be completed by November 6, 2015

VI. General Processes and Requirements

A. Project Changes

A ~~Requestor~~Applicant must notify the Department in writing of, and obtain its written consent to, any material change in a Project. A ~~Requestor~~Applicant must notify the Department when a material change is first identified. The Department will endeavor to respond within thirty (30) days after notice of a material change with respect to its requested consent. The Department may give or withhold its consent, or condition same, subject to its reasonable discretion. A "material change" includes, but is not limited to, a change in:

- the number of buildings or units,
- the Project contact person,
- the Identity of Interest disclosure,
- the Development Team,
- the Project's Total Project Costs,
- a financing source (whether debt or equity),
- operating revenue or expenses for the Project of more than ten percent (10%),
- anything that would result in a change in the standards the Department uses to competitively rank ~~project~~Projects.

The Department will determine whether or not a change in a Project is material. The Department's materiality determination is final.

The request for approval of a material change in a Project must be submitted in writing and include a narrative description and other supporting documentation, plus the applicable revised ~~application~~ pages of the ~~Request~~Application. If the Department grants the request, including as modified or conditioned, it may adjust the amount of the funding allocation to assure the sources and uses of the Project remain in balance.

B. Project Transfer or Assignment Requirement

Project Transfer or Assignment Requiring Department Consent

A Project transfer of assignment means any direct or indirect sale, contribution, assignment, lease, exchange, or transfer, or other change in:

- An interest in the land, the Project, or any building;
- An Ownership interest in the entity that is the Applicant or Project Owner;
- The rights, title, or interest of the Applicant or Project Owner in any agreement in which the Department and the Applicant or Project Owner are parties.

The following transfers or assignments do not require the prior written consent of the Department~~; they include~~:

- The grant of a security interest or lien junior to the interest of the Department,
- The issuance, redemption, or transfer of stock or shares of a corporation that is not a closely held corporation.

C. Process and Requirements for Obtaining the Department's Consent

The first step in obtaining the Department's written consent is to advise the Department in writing of the proposed Project transfer or assignment. At a minimum the Applicant should describe: (i) the name of the Project; (ii) the names of the Applicant and/or the Owner, the proposed transferor and transferee, and all other relevant parties; (iii) a complete description of the proposed transfer or assignment, including the proposed effective date; and (iv) and special circumstances related to the proposed transfer or assignment.

After receiving the written request, Applicant will be advised of the Department's requirements and conditions that must be satisfied in order to obtain consent, including payment of document preparation charges and applicable legal fees.

If the Applicant made a commitment to participate under the set-aside category for Qualified Non Profit~~NP~~, any transfer or assignment must be such that the Project continues to qualify for applicable set-aside.

D. Construction Closing

The ~~Requestor~~Applicant must give the Department at least thirty (30) days' written notice of the scheduled Construction Closing. At least ten (10) days prior to the Construction Closing, but after the general contractor bids have been received, the ~~Requestor~~Applicant must submit to the Department the Project's final development budget, final sources of funds, and documentation to substantiate the final budget.

i. COST SAVINGS CLAUSE

Construction contracts which include any provision for cost savings that are to be retained by the general contractor or split with the ~~project~~Project developer are not permitted.

E. FEES AND CHARGES

The State of Oregon and the Department may assess appropriate fees and charges in order to administer and monitor the LIHTC program; these are specified in Appendix E.

F. APPLICATION SCHEDULE AND DEADLINES

For 9% LIHTC t~~T~~he Department will announce deadlines for receiving Applications by public notice to all interested parties registered on the Multi-Family technical advisory list kept by the Department. Application materials may be obtained from the Department's website at:

http://www.oregon.gov/ohcs/Pages/multifamily-housing-funding-opportunities.aspx

G. LEASEHOLD INTERESTS

If the ~~Request~~Applicant~~or~~ proposes a long-term lease in lieu of fee ownership of the real property of any part of the Project or related land, then the Owner of the land and such other real property and holders of any liens or encumbrances with respect to the land or such other real property, must execute and record such additional documents as are satisfactory to the Department.

H. STANDARDIZATION AND SUFFICIENCY OF LEGAL DOCUMENTS

All Project approvals and funding are subject to the successful execution and recording of related documents satisfactory to the Department and the Oregon Department of Justice (DOJ). If ~~Requestor~~Applicant requests negotiation of any Department-required document including, but not limited to, requesting any changes to the documents or the inclusion of other documents, they must pay such charges as may be assessed by the Department with respect to its reasonable legal and administrative costs with respect to such requests.

I. DEPARTMENT OF STATE LANDS (DSL) WETLANDS POLICY AND REVIEW

DSL will review all Projects for which funding is reserved by the Department to determine whether or not regulated wetlands exist on the Project site. The Department and ~~Requestor~~Applicant, if requested, will submit relevant documents to DSL. If DSL determines wetlands are present or likely to be present, ~~Requestor~~Applicants must get a qualified wetland consultant's wetland compliance verification and boundary delineation for submission, review and approval by DSL. DSL may impose additional site or design requirements for the Project.

~~Requestor~~Applicants must provide tax lot numbers for the submission to DSL. The Department has provided a space on the Environmental Review Checklist for this information. Include the tax lot number for every parcel of land in the Project. A failure to provide the tax lot number(s) will delay the DSL review process and may result, *inter alia*, in rescission of a Reservation or recoupment of any Disbursement.

J. BUREAU OF LABOR AND INDUSTRIES (BOLI) REQUIREMENTS

Funding recipients (Grantees) must comply with any applicable federal or state prevailing wage law. ~~Requestor~~Applicants must contact BOLI for information on how prevailing wage laws may apply to the proposed Project. A BOLI determination letter will be required prior to construction closing ~~must be submitted~~ on every project submitted to the Department.

Prevailing wage laws may apply if all or part of the Project is deemed to be a public works ~~project~~Project. This determination may be made if the Grantee is a public agency, such as a housing authority, and the intent is to construct or contract for the construction of all or part of the Project with public funds.

The Project may be subject to state prevailing wages if the ~~Requestor~~Applicant receives seven hundred fifty thousand dollars ($750,000) or more in public funds and the Project, *inter alia,* meets any of the following criteria:

- Less than sixty percent (60%) of the occupants have incomes less or equal to sixty percent (60%) of area median income;
- A Project building is more than four (4) stories high (unless there is a local building code exemption); or
- The overall Project includes portions, even if not constructed or contracted for construction by the ~~Requestor~~Applicant, which may be deemed public works (i.e., a "mixed-use" ~~p~~Project).

At any time during development, any change in the Project could cause the coverage determination to be void. ~~Requestor~~Applicants should request updated determinations from BOLI as necessary.

This notice does not constitute legal advice. The Department is not responsible for the determination of prevailing wages status on ~~project~~Projects. The Department encourages ~~Requestor~~Applicants to have their attorney interpret BOLI rules as they apply to a specific Project. The Department will not provide funding increases to fill gaps resulting from the ~~Requestor~~Applicant's failure to budget for prevailing wage requirements. The Department specifically reserves the right to revise its reservation of funds to a Project, rescind such reservation, or recoup allocated resources if any BOLI-related funding gap should obtain.

K. Historic Preservation

All Project ~~sponsor~~Sponsors working with properties fifty (50) years old or older should consult with the State Historic Preservation Office to determine the historic significance of related buildings. If Project buildings are determined to be of historical significance, the Department encourages preservation of the historic elements in the most efficient and effective manner possible. The State Historic Preservation Office can be reached at:

State Historic Preservation Office
725 Summer St. NE. Suite C
Salem, OR 97301

L. Consistency with State Consolidated Plan

The Department is required to develop a comprehensive state plan for low-income Oregonians (OAR 456.572). The Department has adopted the state and local Consolidated Plans as its comprehensive state plan. All Projects must be consistent with the state and local Consolidated Plans at the time the ~~Request~~Application is submitted.

VII. Considerations

A. Reservation of Rights

i. Documentation of Discretion

The Department may, at its sole discretion, award credits in a manner not in accordance with the requirements of the Qualified Allocation Plan. If any provision of this Qualified Allocation Plan (and documents included herein by reference) is inconsistent with the provisions of amended IRC Section 42, or any existing or new State Laws or State Administrative Rules governing the LIHTC program, the provisions of IRC Section 42, State Laws or State Administrative Rules take precedence over the QAP.

ii. Policy on Exceptions / Waiver Requests

All ~~department~~ Department policies other than those mandated by Section 42 are considered as guidelines and may be waived. A written request for a waiver or exception, accompanied by justification, may be submitted to the Department. QAP waivers will be documented for all ~~project~~Projects and regular periodic publications of waivers will identify the applicant, the QAP provision waived, and the reason for waiver. In addition, the summary for ~~project~~Projects recommended for funding may identify and explain waivers granted for any ~~project~~Projects listed.

At least 30 days prior to the construction/equity closing date for ~~applications~~Applications, ~~applicants~~Applicants, lenders, or syndicators must request a waiver or exception to a policy in writing with a full justification. Furthermore, the Department reserves the right to waive any provision or requirement of the QAP that is not stipulated in IRC Section 42 in order to affirmatively further fair housing.

If the Department acts contrary to or fails to take action in accordance with this Plan or any other Program Requirement, such act or omission does not constitute a waiver by the Department of a Project, person, or other entity's obligation to comply with the provisions of this Plan, other Program Requirements, or establish a precedent for any other Project, person or entity. In any event, no waiver, modification, or change of ~~the Manuals, any other~~ Department ~~program~~ Program ~~manual~~Manuals, or any other Program Requirement will be binding upon the Department unless it is in writing, signed by an authorized agent of the Department, and consistent with law.

iii. **Partial Invalidity**

If any provision of this QAP, or the application of this Plan to any person or ~~project~~Project, is found by a court to any extent to be invalid or unenforceable, the remainder of this Plan, or the application of that provision to persons or circumstances other than those with respect to which is held invalid or unenforceable, shall not be affected. Each provision of the Plan shall be valid and enforceable to the fullest extent permitted under or federal law.

iv. **Disclaimer**

Issuance of a LIHTC reservation pursuant to a Reservation and Extended Use Agreement, an LIHTC ~~carryover~~ Carryover ~~allocation~~ Allocation (Carryover) or placed in service allocation as indicated by the IRS Form 8609 by the Department, shall not constitute or be construed as a representation or warranty as to the feasibility or viability of the ~~project~~Project, or the ~~project~~Project's ongoing capacity for success, or any conclusion with respect to any matter of federal or state income tax law. All LIHTC allocations are subject to the IRS regulations governing the LIHTC program, and ~~sponsor~~Sponsors are responsible for the determination of a ~~project~~Project's eligibility and compliance. If statements in this QAP are in conflict with the regulations set forth in IRC Section 42, the IRC regulations shall take precedence. While this QAP and the applicable NOFA governs the Department's process of allocating LIHTC, ~~sponsor~~Sponsors may not rely upon this guide or the Department's interpretations of the IRC requirements.

No executive, employee or agent of the Department, or of any other agency of the State of Oregon, or any official of the State of Oregon, including the Governor thereof, shall be personally liable concerning any matters arising out of, or in relation to, the allocation of LIHTC, or the approval or administration of this QAP.

Lenders and investors should consult with their own tax or investment counsel to determine whether a ~~project~~Project qualifies for LIHTCs, or whether an investor may use the LIHTCs, or whether any ~~project~~Project is commercially feasible.

B. Public Comment Requirements for the QAP and Amendments

Pursuant to ORS 456.555(6) (a), the State Housing Council or State Housing Stability Council (Council), with the advice of the Director of the Department, sets policy and approves or disapproves rules and standards for housing programs of the Department. The Council, together with the Department, reviewed the QAP contained herein and recommended it for the Governor's approval. After approval of the QAP, the Department may make minor and technical amendments to this QAP when changes are necessary to administer the LIHTC ~~program~~ Program to effectively serve Oregon's low-income housing needs, and to conform with amendments to IRC Section 42 ~~regulations~~ Regulations and Department goals. Prior to the issuance of any amendment to this QAP, the Department will issue a public notice in accordance with Oregon Public Meeting Law to allow for public comment. The Department may adopt any amendments for which it has issued adequate public notice.

C. Correspondence and Submittals

All correspondence and submittals to the Department pursuant to this Plan shall be in writing and delivered to:
LIHTC Program Manager
Oregon Housing and Community Services
725 Summer St. NE, Suite B
Salem, OR 97301-1266
~~Attn: Susan.E.Bailey@oregon.gov~~
~~Multifamily Housing Assistant~~

D. Violations

The Department may exercise any of the Remedies described below if:

- The Applicant fails to comply with any Program Requirement including, but not limited to, the timely payment of charges and fees and the execution and recording of documents satisfactory to the Department;
- The Department determines the Applicant or other Program participant made a material misrepresentation, directly or by omission;
- The Department determines the Applicant or other Program participant is debarred from accessing Program resources or otherwise is not a qualifying Applicant; or
- The Applicant, Owner, or other Program participant otherwise defaults with respect to any Program Requirement or obligation to the Department.

The Department will have no duty, obligation, or liability to the Applicant, the lender, the ~~Credit~~ tax credit investor, or other related Program participant for exercising such remedies. Applicant and related Program participants, including lenders and ~~Credit~~ tax credit equity investors, expressly waive any claims, causes of action or other remedies against the Department with respect to a disqualification, cancellation, or modification as described above as a condition of Applicant's filing of its Application or their participation in the Program.

E. REMEDIES

In the event of a Violation described above, the Department may elect to pursue any and all remedies available to it under the Program Requirements, including executed documents, or otherwise available to it at law. These remedies include, but are not limited to:

i. cancellation of an Application,
ii. revocation or modification of an Allocation Credit or other award of Department resources,
iii. debarment of person or entity from accessing Department Programs,
iv. recoupment of allocated or disbursed resources,
v. specific enforcement,
vi. actions for general, specific or punitive damages,
vii. appointment of a Project receiver,
viii. foreclosure of secured interests or otherwise.

Furthermore, the Department may, and specifically reserves the right to, modify, waive, or postpone any created restrictive covenants or equitable servitudes with respect to the Project or any part thereof.

Nothing in the Program Requirements is intended, or shall be construed, to create a duty or obligation of the Department to enforce any term or provision of the Program Requirements or exercise any remedy on behalf of, at the request of, or for the benefit of, any former, present, or prospective resident. The Department assumes no direct or indirect obligation or liability to any former, present, or prospective resident for violations by the Applicant, Owner or any other Program participant.

F. EFFECTIVE DATE

This Qualified ~~Application~~ Allocation Plan shall be effective upon its approval and execution by the Governor.

VIII. GENERAL GLOSSARY OF TERMS

Allocation Agency:	State Housing Credit Agency (aka Housing Finance Agency)
Allocation Criteria:	These are the standards by which the Department will competitively rank Projects in a NOFA funding round.
Allocation Authority Year:	The year in which the tax credit allocation begins its two (2) year allocation period.
Annual Tax Credit Allocation:	The amount of annual tax credit allocation for a Project. The credit is available annually to the ~~sponsor~~Sponsor for a period of ten (10) years. The amount of credit cannot exceed what the Department deems necessary for the Project's financial feasibility, or the amount the Project is eligible to receive.
Application ~~or Request~~:	This means the all required Exhibits and Forms, if any, submitted by an Applicant for a Project.
Applicant:	This means the party that submits an Application to the Department for a Credit reservation including its successors in interest.
Award:	This is a stage when a reservation is funded after meeting all conditions of the Reservation Letter. Projects that convert to an award will be offered an allocation at the end of the year in which the allocation of credits belongs.
Carryover:	The process whereby a 9% LIHTC allocation recipient can request an extension of its Placed in Service requirements for one (1) year.
Carryover Allocation:	The amount of tax credits approved for carryover.

Code or IRC:	These are the rules and regulations of Section 42 of the Internal Revenue Code.
Compliance Period:	This is the period of fifteen (15) taxable years beginning with the first year of a building's ten (10) year "credit period." In addition, each building must have an extended low-income housing commitment which requires, at a **minimum**, a fifteen (15) year extended use period that begins on the first day of the compliance period and ends fifteen (15) years after the close of the compliance period.
Construction Closing:	Typically, this is the stage in the funding process when all conditions of the Reservation Letter are satisfied and the Project is ready to commence construction.
Credit Period:	The period of ten (10) taxable years beginning with the taxable year in which the building is placed-in-service or, at the election of the ~~sponsor~~Sponsor, the succeeding taxable year, but only if the building is a qualified low-income building at the close of the first year of the period. The credit period for the acquisition of an existing building may not begin until the first year of the credit period for the rehabilitation expenditures for that building.
Department:	The section of Oregon Housing and Community Services that is responsible for the funding and administration of the LIHTC, Home and related affordable housing Programs.
Development Team:	This means the Applicant, the developer, the Project management consultant, the general contractor and includes all persons or organizations materially involved in the acquisition, construction, rehabilitation, development, or improvement of the Project.
Equity Closing:	Same as Construction Closing. Typically, this is the stage in the funding process when all the conditions of the Reservation Letter are satisfied and the Partnership Agreement is completed.
Federally Subsidized Building:	A building is federally subsidized if it is financed by federal tax-exempt bonds or federal grants.
Geographic Regions:	These are the three (3) areas of the state (Metro, ~~n~~Non-Metro HUD HOME Participating Jurisdictions, Balance of State) that are grouped for the purpose of identifying needs and allocating funds to Projects through the NOFA Process.

Identity of Interest~~s~~:	Identity of Interest means a financial, familial, or business relationship that permits less than arm's length transactions. For example: Related Parties; persons, entities, or organizations Affiliated With or Controlled By or In Control Of another; existence of a reimbursement program or exchange of funds; common financial interests; common officers, directors, stockholders, or managers; or family relationships between officers, directors, or stockholders.
LIHTC:	Low Income Housing Tax Credits (aka LIHTC, LIHC or Tax Credits).
NOFA:	The Notice of Funding Availability (NOFA) is a uniform set of requirements for ~~sponsor~~Sponsors to apply and compete for Program funds in a specific funding cycle.
NOFA Funds:	The collective name of the amounts of tax credits, grants or loans requested in a NOFA from various Programs to finance a Project.
Noncompliance:	Noncompliance means a failure to meet any covenant, condition or term of any agreement between the Applicant or Project owner (including their officers, employees, agents, and assignees) and the Department, a failure to meet the requirements of IRC Section 42 of the Code, or failure to meet any other Program requirements from which a Project received funding.
Oregon Administrative Rules:	The Oregon Administrative Rules (OARs) are the principles by which the Department administers the LIHTC Program that are approved from time to time through the State Administrative rule process.
Placed-In-Service:	This is the date for a new or existing building on which the building is ready and available for its specifically-assigned function. This is usually the date the first unit in the building is certified as being suitable for occupancy under state or local law. Substantial rehabilitation expenditures are treated as Placed-In-Service at the close of any twenty-four (24) month period over which the expenditures are aggregated, or a shorter timeline when appropriate.
Principal(s):	This means: (1) with respect to a Project owned by a partnership, the partners; (2) with respect to a Project owned by a limited liability company, the members and managers; and (3) with respect to a closely-held corporation, the shareholders.

Program Funds:	The amount of grant funds or tax credit allocation identified in a specific Program to finance a Project or Projects.
Program(s):	A Program is a specific source of state or federal funds subject to a set of required codes or statutes that provide a methodology to award funds to the public for the development of affordable housing Projects.
Program Limits:	These are the financial limits set by regulation and the Department on the amount of debt service, LIHTCs, loan amounts, construction contingency, developer fee, eligible basis, contractor's profit and overhead, and basis boost allowed per Project in the LIHTC Program.
Program Requirements:	All terms, conditions, covenants, or other obligations of a ~~Requestor~~Applicant or Owner (including through their officers, employees, contractors, agents, and assignees) with respect to a Program from which funding is sought or provided with respect to a Project, including as contained in relevant statutes, regulations, administrative rules, manuals, codes, Department directives, policies, applicable documents, or otherwise.
Project:	A low-income multifamily housing development for which funding, in whole or in part, is sought from or obtained from the Department, normally including related land and amenities.
Project Need Severity:	This is the need for a Project in a community as measured by evaluating the affordable housing gap in the county or city, the rate of population growth in the county comparison to the state, the age of the rental housing in the county, the rate of severe rent burden in the county or city in comparison to the state.
Qualified Allocation Plan (QAP):	The plan, required by IRC Section 42 Code, signed by the Governor, which establishes the process and policies by which the Department will allocate Tax Credits to qualified Projects.
Qualified Nonprofit Organization:	This is an organization described in IRC Section 501(c)(3) or 501(c)(4) that is exempt from federal income tax under IRC Section 501(a) if OHCS determines the organization is not affiliated with or controlled by a for profit organization and an exempt purpose of such organization includes fostering low-income housing.

Related Entity/Person: These include, but are not limited to: (1) members of a family; (2) a fiduciary and either a grantor or a beneficiary of a trust; (3) a party and a federally tax-exempt organization that the party, or members of the party's family, controls; (4) a party and either a corporation or a partnership in which the party has more than a fifty percent (50%) interest; (5) two (2) business entities, either corporations or partnerships, where a party has more than a fifty percent (50%) interest in each; (6) two (2) corporations that are members of the same controlled group; and (7) two (2) parties engaged in trades or businesses under common control.

~~Requestor: The sponsor, organization or entity that applies for funding for a Project from the Department.~~

Reservation Letter: When a Project is selected to receive a reservation of Program Funds, the award is documented in a Reservation Letter aka the "Reservation". The Reservation Letter is a form of conditional commitment whereby the state agrees to fund an award when a ~~sponsor~~Sponsor has completed all the requirements listed in the Reservation Letter.

Reservation and Extended Use Agreement (REUA): This is a legal agreement that contains the terms and conditions of the obligatory period of affordability and chosen rent and income levels, which are incorporated by reference into the recorded Declaration of Land Use Restrictive Covenants. The LIHTC Declaration is recorded after ~~project~~Project completion.

Reservation Period: The maximum time frame allowed for fulfilling all the terms and conditions of the Reservation Letter.

Regulatory Agreement: This is any and all agreements establishing Project operating obligations and standards including, but not limited to, restrictive covenants and equitable servitudes. It is commonly called a "Declaration" or "LURA" (Land Use Restrictive Agreement).

Sponsor: The organization or entity that applies for funding for a Project from the Department.

Underserved Area: This is a Region, county, city whose existing affordable housing are identified as underfunded relative to its affordable housing need

Visitability: This means that a Project is able to be approached, entered and used by individuals with mobility impairments including, but not limited to, individuals using wheelchairs.

IX. Appendices

APPENDIX A: **All New Since Last Published**

Architectural Submission Requirements

I. Overview

The Department supports the development of quality affordable housing that is well designed, safe, supports and improves upon the aesthetics and living environment of the community, empowers and enhances the self-esteem of the residents it houses and serves, and contributes positively to the quality of life in Oregon.

Meeting this goal of creating and preserving quality affordable housing projects require careful design, material selection and oversight by all members of the project development and design team as well as the engagement of highly skilled and knowledgeable construction professionals during the project's construction phase. Preparation of the materials required for application is a critical initial step in the development of successful affordable housing projects.

II. Projects Involving any Rehabilitation

a) Capital Needs Assessment

All applications for rehabilitation projects must include a professional, independent, third party Capital Needs Assessment (CNA).

For NOFA Projects, unless stated otherwise, the CNA must be less than twelve (12) months old at the time of application, so that if the Project is awarded funds the CNA will be within eighteen (18) months at the time of closing.

For 4% LIHTC Projects, the CNA must have been completed prior to eighteen (18) months of construction closing.

The CNA must address the following components:

1. **Critical repair items:** All health and safety deficiencies, or violations of Housing Quality Standards (or Uniform Physical Condition Standards), requiring immediate remediation.
2. **Two (2) year physical needs:** Repairs, replacement and significant deferred and any other maintenance items that need addressing within twenty-four (24) months of the date of the report.
   - Include any necessary redesign of the Project and market amenities needed to restore the property to a reasonable standard of livability.

- Include these repairs in the development budget and fund with construction-period fund sources.

3. **Long term physical needs:** Repairs and replacements beyond the first two (2) years required to maintain the Project's physical integrity over the next thirty (30) years, such as major structural systems that will need replacement during that period. These repairs are to be funded from the Replacement Reserves Account.
4. **Analysis of reserves for replacement**: CNA's must include a thorough analysis of reserves for replacement, including an estimate of the initial and on-going monthly deposit into the Replacement Reserve needed to fund on-going physical needs and the expected useful life of major building systems. This analysis must not include the cost of critical repair items, two (2)-year physical needs or any work items treated as normal maintenance or repair expense.. The exact amount of the required reserves may vary depending upon the extent of the rehabilitation targeted and the age and condition of the remaining components, subject to the Department's discretion

The Department will require that actual expenditures be sufficient to complete all the recommend improvements in the CNA, or a minimum of $30,000 per rental unit.

If Less than One Hundred Percent (100%) of the Units Have Been Inspected:

- The CNA must include an explanation that includes any assumptions about areas that were not inspected and the reasons for making those assumptions.
- The CNA must be the basis from which the scope of work for the project has been developed and the basis on which any capitalized or annual contributions to the replacement reserves are based.
- Such other information as the Department may require.

III. Projects Involving New Construction, Rehabilitation Projects that Include Any New Construction and/or Major Exterior Modifications

a) Submission Requirements

The following preliminary development related documentation is required at the time of application only when the project proposes any new construction or building development or involves significant changes to the exterior character of an existing building.

1) Vicinity Map

Indicating the location of the site and amenities important to the residents such as groceries, schools, parks, activities on adjacent properties (e.g. single family dwellings, commercial retail etc.), and public transportation. If appropriate, the same vicinity map required in the environmental review checklist may be used.

2) Context Photos

Showing the property and adjacent properties. Indicate on the vicinity map where the photographs were taken. If the site varies in slope, submit photographs showing the extent and nature of the sloped areas. If photocopy photos are taken, include original photos in the original application and copied photos in the application copies.

3) Preliminary Site Plan

Showing early development related intent for the project. The site plan must include the following information:

i. Drawing Scale (1”=40’ minimum) and North Arrow.

ii. Property Lines

iii. Identification all known easements, encroachments and adjacent land uses

iv. Site contours or, at a minimum, spot elevations at the corners of the property and each side of all proposed and existing buildings and showing preliminary grading including drainage away from buildings.

v. Site features such as existing structures to be removed, trees or hedges to be retained and general areas of new plant materials, with other site features.

vi. All buildings with unit front entries indicated.

vii. All paved surfaces and site lighting, if determined.

viii. Any fencing at perimeter of site and between units and buildings.

ix. Mechanical and electrical equipment such as transformers, if determined.

x. Trash holding areas, if known.

b) Replacement Reserves for New Construction Projects

Replacement Reserves of three hundred fifty dollars ($350) per unit are typically required on new Projects at the time of completion or at permanent loan funding. The exact amount of the required reserves may vary depending on factors related to the nature of the particular Project and subject to the Department’s discretion

IV. OHCS Project Guidance & Oversight

a) Architectural Guidance and Standards

The Department has established a set of architectural design and construction standards to aid project stakeholders in the process of developing quality affordable housing in keeping the Department’s mission and vision. These standards are presented in detail in the Department’s Project Development Manual (PDM) which will be posted to the OHCS website in conjunction with any NOFA application. Principally, the standards encourage and direct project stakeholders in the use and integration of industry best practices in all aspects of the planning, design and construction process.

b) Green Building

Applicants must include green building requirements when developing the project plans. Applicants will be expected to follow through with the green building path they chose. If applicants are unable to complete that path, they must request approval to choose a different path. The Department reserves the right to rescind resources if green building activities are not followed.

Applicants will be able to choose from the Enterprise Green Community, Earth Advantage Homes, LEED Certification in addition to other OHCS identified paths laid out in the department Project Development Manual.

c) Compliance and Department Oversight

The Department, or its third-party representative, may perform inspections prior to, during and following an initial Reservation of resources by the Department. The Department, based on such inspections or otherwise, may disqualify a Requestor from advancing its Request, terminate or revoke a Reservation or Allocation, or exercise other remedies including, but not limited to, requiring changes to the Request, Project scope of work, or budget. The Department may verify if work has been performed to its satisfaction. The Department may require remediation of unsatisfactory work or conditions among other remedies.

The Department will review and approve all construction-related documents prior to construction and monitor construction progress. The Department will review and approve work write-ups (i.e., plans and specifications) and written costs estimates. Based on this review, the Department will determine whether or not the work write-up or plans are in compliance with Department architectural standards, and if the construction and rehabilitation costs are reasonable.

The Department will review construction contract(s) and construction documents to determine if they describe the work to be undertaken in adequate detail, including so that meaningful inspections can be conducted. The written scope of work to be performed must be in sufficient detail to establish the basis for a uniform inspection of the housing to determine compliance with Department Architectural Requirements. The Department will review and approve written cost estimates for construction and/or rehabilitation in order to determine that costs are reasonable.

The Department will conduct an initial property inspection and progress inspections to monitor construction progress. The Department will conduct progress inspections during construction and/or rehabilitation in order to ascertain whether or not work is completed within established standards. Progress payments must be consistent with the amount of work performed. A final inspection will be conducted to determine if work was done in accordance with the Project's approved work write-ups or plans, and final payment will not occur until construction is satisfactorily completed in accordance with the applicable codes, the construction contract, and construction documents. The Department may utilize in-house staff or qualified third-parties to accomplish the foregoing review.

APPENDIX B:

LIHTC MARKET ANALYSIS & APPRAISAL

I. OVERVIEW:

A complete market analysis following OHCS Market Analysis Guidelines must be submitted for approval within 90 days following the date of the Reservation Letter for 9% LIHTC and are due at application for 4% LIHTC. Accommodation of this requirement may be provided in writing by OHCS if the construction or permanent lender orders a FIRREA compliant appraisal naming OHCS as an intended user and includes a market analysis prepared in compliance with OHCS Guidelines.

The market analysis must satisfy the requirements of this section, and Section 42 of the Code. An independent third party analyst, using generally accepted principles and theory, must prepare the market analysis. The analyst must be included on the OHCS list of approved providers. The analyst must have demonstrated experience in the proposed Project's market area and with the rent-restricted market. The rental analysis section included in the market analysis report must be completed by a State Certified General Appraiser.

II. TIMELINE:

A previously prepared market analysis must have an effective date no more than six (6) months prior to the Reservation Letter date. "Updates" of older market analyses will not be accepted since an "update" is actually considered a new assignment.

OHCS will accept a recent FIRREA appraisal with an effective date of no more than six (6) months prior to the date of the Reservation Letter in lieu of the required market analysis provided the market analysis and rent discussion sections include the information detailed in the OHCS Market Analysis Guidelines.

Deadlines for delivery of an appraisal to OHCS:

- 9% LIHTC programs– Acceptable appraisals must be received within ninety (90) days of Reservation Letter.
- 4% LIHTC program – Acceptable appraisals must be received as soon as available, but no later than ninety (90) days prior to construction close.

III. MARKET ANALYSIS AND APPRAISAL GUIDELINES:

In order to allow OHCS to determine the eligible basis of either the existing or new construction "improvement/buildings" in a project, an appraisal prepared in conformance with Oregon Statutes, FIRREA standards and OHCS policy is required.

- FIRREA standards require that appraisals must be ordered by the lender or other insured financial institution - which must define the purpose of the appraisal and provide guidance to the appraiser as to the bank or financial institution requirements - and the bank or financial institution must engage the appraiser, who cannot be related in any way to the seller or buyer.
- For Projects that currently have restricted rents, the appraisal must include an "As is" Restricted Rent Value.
- For Projects that currently receive or will receive at time of sale "project based" subsidy, the appraisal must include an "as is" restricted rent value taking into consideration the subsidy that is generally marked to market.
- For Projects that do not currently have restricted rents, the appraisal must include an "as is" Market Rent Value.
- In all appraisals an "as is" Market Value for land must be included that reflects all restrictions on the land.
- OHCS must be named as an intended user and permission granted to OHCS to discuss the report with its preparer.

To avoid delays or additional costs to the borrower, it is suggested that the Requestor obtain OHCS's approval of the scope of work in the letter of engagement before the appraiser is engaged.

The market analysis must demonstrate to OHCS the Project is creating, preserving, or renovating housing that current market forces are not addressing. In addition, the market analysis must address current market conditions and determine the Project is viable and provides units at below-market rents or provides some other public benefit.

Note that acquisition/rehab guidelines somewhat differ from new construction guidelines.

At OHCS's discretion OHCS may require further market support of the Project, or accept a market analysis in a different format. Any deviation from the market analysis Guidelines must be approved in writing by OHCS prior to submission of the report. OHCS reserves the right to contact the market analyst as needed.
The list of approved providers may be found on the OHCS website at:

http://www.oregon.gov/ohcs/HD/HRS/LIHTC/ApprovedMarketAnalystsList.pdf

You may also contact OHCS's Multi-Family Housing Finance Section.

IV. MARKET ANALYSIS COMPONENTS:

All market analyses should include the following summarized sections as well as the more detailed Market Analysis Guidelines:

1. Report Title Page
2. Letter of Transmittal
3. Table of Contents
4. Executive Summary
5. Photographs of Project
6. Assumptions and Limiting Conditions
7. Scope of the Assignment
8. Regional Analysis
9. Primary Market Area (PMA) Analysis
10. Site Description & Analysis
11. Improvement Description & Analysis
12. Target Market Identification
13. Demand Analysis
14. Supply Analysis
15. Reconciled Estimate of Marginal Demand
16. Capture Rate Development
17. Conventional Market-rate Rents
18. Affordable (low income) Market Rents
19. Certification
20. Addendum

APPENDIX B:
PROJECT MONITORING

I. OVERVIEW

As the authorized allocating agency for the State of Oregon, the Department is responsible for monitoring the property for compliance with Section 42 of the Code, IRS and Treasury regulations (rulings, procedures, decisions and notices), the Fair Housing Act, State laws, local codes, Department loan or regulatory documentation, and any other legal requirements. The Department may adopt and revise standards, policies, procedures, and other requirements in administering the tax credit program. Owners must comply with all such requirements if implemented after the QAP is approved.

The Department is responsible for establishing compliance monitoring procedures and must report noncompliance to the IRS. Monitoring each project is an ongoing activity that extends throughout the extended use period (a minimum of 30 years). Projects with funding sources obtained from the Department, in addition to the credits, will be monitored for the most restrictive requirements of all combined programs. Owners must be aware of the differences in program regulations. The Department's

Compliance Manual is incorporated via reference and may be found at http://www.oregon.gov/ohcs/Pages/compliance-monitoring-manual-lihtc.aspx

The Department may perform an on-site review of any building in the Project, interview residents, review residents' applications and financial information, and review an Owner's books and records relating to the Project consistent with law as it determines to be appropriate. A Project must provide the Department reasonable access to the Project and its books and records and reasonably cooperate in all such compliance monitoring. In connection with its obligation, an Owner must take all action as may be reasonably necessary to allow the Department to inspect housing units occupied by residents.

II. ASSET MANAGEMENT AND COMPLIANCE

Asset management will evaluate Risk and assess monitoring requirements based on a review of the following elements for compliance:

- Most recent rating received for management review;
- Physical inspections;
- Tenant file review;
- REAC scores;
- Submission of required reporting including financial audits and certification sof program compliance (CCPC's);
- Owner and management cooperation with reporting and communication;
- Need or outcome for a community evaluation within the last year

III. COMPLIANCE MONITORING PROCESS

A. The Compliance Monitoring Process is based upon the following components:

i. IRC Section 42 and the promulgated regulations in the Oregon Administrative Rules for the LIHTC program

ii. Qualified Allocation Plan for projects with Building Identification Numbers (BIN) beginning with OR90

iii. Department's Compliance Manual

iv. Declaration of Land Use Restrictive Covenants in effect for all projects.

B. In addition, the following conditions/criteria are met:

i. Each low-income unit in the project is rent restricted.

ii. Each building in the project is suitable for occupancy, considering local health, safety, and building codes (or other habitability standards); and, the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or low-income unit in the project. Additionally, all low-income units have been continually occupied, vacant but rent ready or vacant for redecorating and/or minor repairs for a period of less than 30 days, throughout the reporting period.

iii. No tenants have been evicted for other than good cause.

IV. COMPLIANCE STATUS TRACKING

The Department uses the monitoring policy to track Owner compliance with Section 42 and the Department's requirements. Issues tracked and recorded include, but are not limited to, the following items:

1. Any IRS Form 8823 events as a result of monitoring
2. Owner compliance with Department-required reporting deadlines
3. Performance of management agents employed by the Owner
4. Fair Housing violations

V. OWNERSHIP, MANAGEMENT PLANS AND QUALIFICATIONS

The Department reviews all changes in Ownership and/or Management Agent. Department policy requires notice sixty (60) days prior to any change. The Owner submits the proposed new Management Plan and qualifications to Asset Management, satisfactory to the Department. Management agents and/or Owners are responsible to comply with LIHTC program requirements demonstrated by prior LIHTC experience or current relevant LIHTC training and certification.

VI. ANNUAL OWNER CERTIFICATION REPORTING AND MONITORING

Annual certification of continuing compliance is due February 28th of each year.

A. Monitoring of a project will occur as follows:
   i. An on-site inspection of all buildings in a project will occur by the end of the second year following the date the last building is placed in service. This review will include a physical inspection and a review of the low-income certification and documents supporting the certification for at least 20 percent of the tenants,
   ii. Then, at least once every three years, the Department will conduct an on-site inspection of each building exterior and all common areas in a project and will review tenant files and complete a physical inspection of at least 20 percent of the project's low-income units.
B. When a project is scheduled for review, the Department shall:
   i. Perform the on-site file, property, and unit inspections. File inspection may occur electronically. Uniform Physical Condition Standards (UPCS) are adopted as the physical inspection protocol for the Department.
   ii. Inform the Owner as soon as possible of any finding of non-compliance resulting from the inspections.

VII. INSPECTIONS

The Department reserves the right to delegate physical property and unit inspections to third parties in accordance with Oregon or Federal Streamlining Compliance processes.

VIII. LIABILITY

Compliance with the requirements of Section 42 and state regulation is the responsibility of the Owner. The Department is not liable for an Owner's non-compliance.

IX. CORRECTION OF NON-COMPLIANCE CONDITIONS

The Department provides written notice of non-compliance to the Owner if:

1. The Annual Certification Report and attachments are not received by the due date.
2. The project is found to be out of compliance, through inspection, review or other means, with the provisions of IRC Section 42 or state regulations. The Owner will have thirty (30) days from the date of notice to supply any missing information for the Annual Certification Report and correct any non-compliance issues. The Department may grant an extension of up to ninety (90) days. At the end of the allowable correction period, the Department is required to file IRS Form 8823, "Low Income Housing Credit Agencies Report of Noncompliance," with the IRS. All non-compliance issues are reported whether corrected or not. The Department will explain the nature of the non-compliance or failure to certify and whether the non-compliance has been corrected. The IRS will make any determinations as to the applicability of recapture penalties, not the Department.

X. NON-COMPLIANCE REQUIRING ADDITIONAL DEPARTMENTAL STAFF TIME

The scope of non-compliance detected during any monitoring activity will be evaluated by the Department. At its discretion, the Department may expand the audit sampling for additional review. This expansion could extend to 100 percent of the units and/or files deemed to have noncompliance issues. The Department reserves the right to require the Owner to hire a third party auditor acceptable to the Department, at the Owner's expense, to complete corrective action related to non-compliance.

The Department may request other items to assess project status including, but not limited to:

1. Audited annual financial statements
2. Annual operating statements showing actual income and expenses as they relate to the real property
3. Documentation that all State requirements are met

XI. ACQUISITION/REHABILITATION TENANT CERTIFICATION POLICY

Projects that receive an allocation of credits for both acquisition and rehabilitation are not required by the Department to complete tenant certifications for both sets of credits for the same households. Owner may choose to complete a rehab certification as well.

Starting at initial lease-up, the Department may request, from the Owner, compliance reports identifying low-income occupancy for each building in a project. The reports should reflect month-end information for each month of the first year of the credit period. The reports will identify each unit, all adult tenant names in each unit, and the income level at move-in or initial certification. Additional information may be requested.

XII. FEDERAL FAIR HOUSING ACT

1. OHCS Responsibility: On receipt of notifications from HUD or DOJ, the Department will file a Form 8823 with the IRS noting the potential violation, and notify the owner in writing. The Department will report potential Fair Housing Act violations discovered during their compliance

monitoring activities to the HUD Regional office, or other fair housing enforcement agencies as appropriate.

The Department is responsible for monitoring Fair Housing violations including Affirmative Fair Housing marketing plans, if required, and fair housing complaints.

2. IRS Responsibility: The IRS will send a letter to the Owner notifying them that a finding of discrimination will result in the loss of low-income housing tax credits.

XIII. HOUSING AND ECONOMIC RECOVERY ACT (HERA) OF 2008 DATA COLLECTION

To the extent required by federal law, the Owner/Agent will assist the Department with meeting federal reporting requirements by collecting and submitting information annually concerning the race, ethnicity, family composition, age, income, disability status, monthly rental payments, and use of rental assistance under section 8(o) of the United States Housing Act of 1937 or other similar assistance, of all low income households.

XIV. RECORDKEEPING AND RECORD RETENTION

1. Recordkeeping: The Owner of a low-income housing project must keep records for each building in the project for each year of the term of the Regulatory Agreement (Extended Use Agreement):
   a) The total number of residential rental units in the building (including the number of bedrooms and the size in square feet of each residential rental unit);
   b) The percentage and number of residential rental units in the building that are low- income units;
   c) The percentage and number of residential rental units in the building that are subject to the additional low-income unit set-aside requirements;
   d) The percentage and number of residential rental units in the building that are subject to the special-needs unit set-aside requirements;
   e) The rent charged for each low-income unit in the building (including any utility allowances);
   f) The number of occupants in each low-income unit;
   g) The number of occupants in each residential rental unit in the building that is subject to a special-needs unit set-aside requirement related to household size;
   h) The low-income unit vacancies in the building and information that shows when, and to whom, the next available units were rented;
   i) The vacancies of any additional low-income set-aside units in the building and information that shows when, and to whom, the next available units were rented;
   j) The vacancies of any special-needs set-aside units in the building and information that shows when, and to whom, the next available units were rented;
   k) The initial annual income certification of each low-income resident and any recertification of income that is required;

l) Documentation to support each low-income household's income certification;
m) Documentation to support that each household that is subject to a special-needs unit set-aside for such special-needs unit set-aside or commitment;
n) The eligible basis and qualified basis of the building at the end of the first year of the credit period;
o) The character and use of the nonresidential portion of the building included in the building's eligible basis under Section 42(d) of the Code; and
p) The date that a resident initially occupies a rental unit and the date that a resident moves out of a rental unit.
q) The Owner shall also keep such additional records throughout the term of the Regulatory Agreement (Extended Use Agreement) necessary or appropriate to demonstrate compliance with the Code, the tax credit program and the Owner's commitments and obligations under the tax credit program contracts, including the Regulatory Agreement (Extended Use Agreement).
r) Other non-optional charges
s) Federal Rent Restirction
t) Deeper non-Federal Rent Restriction
u) Current LIHTC Rent Limit
v) Federal Rent Assistance
w) Source of Federal Rent Assistance
x) Non-Federal Rent Assistance

2. Record Retention: The Owner of a low-income housing project must, during the term of the Regulatory Agreement (Extended Use Agreement), retain the records described above: (i) for at least six (6) years after the due date (with extensions) for filing the federal income tax return for that year; and, (ii) with respect to any year for which an income tax return is not filed or does not reflect the Credit for such project, for at least six (6) years after the end of that year. The records for the first year of the credit period as defined under Section 42(f)(1) of the Code, however, must be retained for at least six (6) years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period as defined under Section 42(i)(1) of the Code with respect to a building in the project.

   Except as otherwise provided, the Owner of a low-income housing project must, during the term of the Regulatory Agreement (Extended Use Agreement), retain the original local health, safety, or building code violation reports or notices that are issued by any state or local government unit.

XV. Certification and Review Provisions:

Certification:

A. The owner of a low-income housing property must certify to the Department that the project meets the minimum requirements of:

1. 20 – 50 test under Section 42(g)(1)(A) of the Code; or 40 – 60 test under Section 42(g)(1)(B) of the Code.
2. There has been no change in the applicable fraction (as defined in Section 42 (c)(1)(B) of the Code) for any building in the project.
3. For 100% LIHTC properties, the owner has received a Tenant Income Certification at initial occupancy and at the first-year anniversary along with third-party documentation to support each certification. OR for Properties that are not considered to be 100% LIHTC, the owner has obtained a Tenant Income Certification from each low-income household at initial occupancy and annually, along with third-party documentation to support each certification.
4. Each low-income unit in the property has been rent-restricted under Section 42(g)(2) of the Code.
5. All low-income units in the property are and have been for use by the general public and used on a non-transient basis (except for transitional housing for the homeless provided under Section 42 (i)(3)(B)(iii) of the Code).
6. No finding of discrimination under the Fair Housing Act, 42 U.S.C 3601-3619, has occurred for this property. A finding of discrimination includes an adverse final decision by the Secretary of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by a substantially equivalent state or local fair housing agency, 42 U.S.C 3616a(a)(1), or an adverse judgment from a federal court
7. Each building in the property is and has been suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards), and the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or low income unit in the property. Additionally, all low income units have been continually occupied, vacant but rent-ready, or vacant for redecorating and/or minor repairs for a period of less than 30 days, throughout the reporting period.
8. There has been no change in the eligible basis (as defined in Section 42(d) of the Code) of any building in the property since last certification submission.
9. All tenant facilities included in the eligible basis under Section 42(d) of the Code of any building in the property, such as swimming pools, other recreational facilities, parking areas, washer/dryer hookups, and appliances were provided on a comparable basis without charge to all tenants in the buildings.
10. If a low-income unit in the property has been vacant during the year, reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units were or will be rented to tenants not having a qualifying income
11. If the income of tenants of a low-income unit in any building increased above 140% of the applicable income limit as allowed in Section 42(g)(2)(D)(ii) of the Code, the next available unit of comparable or smaller size in that building was or will be rented to residents having a qualifying income.
12. I Any evictions of tenants of a low-income unit in any building were executed only for good cause, as required in Section 42(h)(6)(B)(i) of the Code, as described in Q&A of Rev. Rul. 2004-82.

13. An extended low-income housing commitment as described in Section 42(h)(6) was in effect, including the requirement under Section 42(h)(6)(B)(iv) that an owner cannot refuse to lease a unit in the property to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437s. Owner has not refused to lease a unit to an applicant based solely on their status as a holder of a Section 8 voucher and the property otherwise meets the provisions, including any special provisions, as outlined in the extended low-income housing commitment

14. The owner received its credit allocation from the portion of the state ceiling set-aside for a property involving "qualified nonprofit organizations" under Section 42(h)(5) of the code and its non-profit entity materially participated in the operation of the development within the meaning of Section 469(h) of the Code.

15. There has been no change in the ownership or management of the property in the past 12 months

Review.

Under the review provision, a monitoring procedure must require:

1. The Annual Reporting Spreadsheet

2. The current utility allowance information

3. Copy of IRS Form 8609, where Part II "First-Year Certification" has been completed, signed, and dated by owner

APPENDIX D:

RESIDENT SERVICES

The Applicant is required to provide a Resident Services Description at the time of Application, in accordance with the goals and guidelines below.

I. Resident Services Description Goals

The anticipated outcomes and overall goals of the Resident Services Description and subsequent plan are as follows:

i. Through coordination, collaboration, and community linkages, residents will be provided the opportunity to access appropriate services which promote self-sufficiency, maintain independent living, and support them in making positive life choices; and

ii. To maintain the fiscal and physical viability of the development by incorporating into the ongoing management the appropriate services to address resident issues as they arise.

II. Resident Services Description Guidelines

A Resident Services Plan must include these general guidelines:

i. General low-income population support and services may include improving residents' ability to maintain their lease obligations, enhance quality of life through programs for employment, education, income/asset building, child and youth development, community building and improving access to services.

ii. Elderly support and services should include improving residents' ability to uphold their lease throughout the aging process through better access to health and other services, enhanced quality of life through community building, socialization, and other programs.

iii. Support and services for special needs population should focus on the strengths and needs of the target population to provide for not only the daily support but to be part of the larger community.

APPENDIX E:
SCHEDULE OF CHARGES

I. OVERVIEW

The Department has set the charge schedule listed below. The Department may make additions and modification to the charge schedule. Charges paid are not refundable once submitted to the Department at the time required according to the schedule below.

Submit payment with the Charge Transmittal form.

Charges are non-refundable.

If awarded, Department grant resources may be requested for reimbursement of Department charges, excluding the application charge.

II. PROGRAM CHARGES

When applying for any Program funds, the Requestor must pay each applicable charge. These charges are as follows:

Charges required with the Notice of Funding Availability (NOFA) for the 9% Low Income Housing Tax Credit Program (LIHTC), the HOME Investment Partnership Program (unless prohibited by Program), and associated resources, include:

Application Charge: The lesser of $25 per unit or (.5%) of the total funds requested. Minimum $100.

After a funding Reservation is issued, the following charges apply:

Recipient Charge: Assessed on the cumulative total of NOFA resources:

<$300K = $1,000

$300K = $2,000

LIHTC = $2,500

Farmworker Tax Credits: $200 for each development that receives credits.

Construction Monitoring: $25,000 per project (HOME only)

Document Preparation: $100 per recorded document (normally assessed in escrow)

The following charges are associated with the 9% Low Income Housing Tax Credit Program:

LIHTC Reservation: 5.5% <30 units or 6.5% >=30 units

Late Carryover: If carryover application is received after December 1st: $1,000 plus $200 per business day, plus $100 per hour for re-evaluation.

Late Final Application: $1,000 if final application is received more than six (6) months past placed-in-service date, plus $100 per month, plus $100 per hour for re-evaluation.

Monitoring: $35 per unit per year for first fifteen (15) years. $25 per unit per year for each year in the extend use period.

The following charges are associated with the 4% Low Income Housing Tax Credit Program:

Application Charge: $25 per unit + $1,500 per additional site (scattered site properties)

LIHTC Reservation: Twelve percent (12%) of annual allocation

Recipient Charge $2,500

Late Final Application: $1,000 if final application is received more than six (6) months past placed-in-service date, plus $100 per month, plus $100 per hour for re-evaluation.

Monitoring $35 per unit per year for first fifteen (15) years.

$25 per unit per year for each year in the extend period.

The following charges are associated with the tax-exempt conduit bond program (does not apply to bond re-funding):

Application Charge: $1,500

Issuance Charge:

<$10,000,000 = One point five percent (1.5%) of aggregate bond amount

>$10,000,000 = One percent (1.0%)% of aggregate bond amount

Issuance charge is capped at $100,000

Draw Downs are allowed only on an exception basis ($10,000,000 minimum, additional (.5%) issuance charge)

DOJ: Included in issuance

Treasury: Included in issuance

Monitoring: $10 per unit per year (this is in addition to any applicable LIHTC monitoring charges)

Fees and charges for requesting additional resources: To fill an LIHTC pricing gap:

The lesser of $25 per unit or .5% of the additional funds requested. Minimum $100.

For loss of a funding source or increased Project costs:

Any NOFA funding source (other than LIHTC & OAHTC): One percent (1%) of the gross amount of the funds requested.

LIHTC (4% OR 9%): One percent (1%) of the estimated equity to be generated by the additional tax credits.

OAHTC: $25 per unit or .5% of additional OAHTC requested, whichever is greater. Minimum $100.

Fees and charges for negotiation of documents: Legal and administrative costs related to such negotiation.

Such other fees and charges that Department may assess under applicable Program Requirements or administrative rules.

GENERAL COMPARATIVE SUMMARY OF SELECTED STATES' 2015 QUALIFIED ALLOCATION PLANS

STATE	DEVELOPER FEE (AMOUNT, DEFERRED, RELATED PARTY)	OPERATING EXPENSES	DEBT SERVICE COVERAGE RATIO[1]	RESERVES (DEBT/ OPERATING; REPLACEMENT; OTHER)	RESIDENT SERVICES PLAN	EXTENDED AFFORDABILITY & QUALIFIED CONTRACTS[2]	DISTINCT 4% TC / BOND REQUIREMENTS	SOCIAL EQUITY[3]	ENSURE LOCAL HOME/CDBG UTILIZATION[4]	URBAN/RURAL	OVERALL, BASIC FRAMEWORK	CONTINGENCIES	MAXIMUM SUBSIDY	COST CONTAINMENT
Col.	• 12% if >50 units • 15% if <51 units (less contractor fee, land, and reserves)	• $3,900 excluding replacement reserves • $4,600 for project-based Section 8	• min. 1.15 for all amortized debt • projects over 1.3 may receive less credit	• operating four months expenses debt service • replacement reserves of $250/ unit for new const. senior projects and $300/unit for rehab and family	homeless or "special needs"	• 30 years max points if waive QC for 25 years • 4% deals allowed QC after 20 years	essentially same as 9% requirements • application fees are slightly less • min. point score of 60 (130 for 9%) • no difference in developer fee calculation	nothing directly applicable	no provision	no provision	primary and secondary criteria	no provision	$1,250,000 per project	no specific provisions
Ind.	• first 15 units: $18k/unit new, $20k/unit rehab • next 30: $13.5k and $15k -next 30: $10k and $12.5k • any >75: $6K • $1.2M max if 9%, $2M w/bonds	min. $2,500/unit	at stabilization (usually year 2) • large and small city 1.15 – 1.40 • rural 1.15 – 1.50	• operating greater of four to six months expenses and debt service or $1,500/unit • replacement • a) rehab $350/unit • b) new $250/unit • c) SF: $420/unit • d) historic: $420/ unit	made available in PSH projects	30 years	may defer 80% of developer fee (as opposed to 60%)	nothing directly applicable	no provision	large city, small city, rural	• 1. Rents Charged 28 Points • 2. Development Characteristics 92 Points • 3. Sustainable Development Characteristics 19 Points • 4. Financing & Market 28 Points • 5. Other 33 Points	no provision	$1,200,000 per project	award points based on how applications compare to each other (see matrix below)
Md.	• 15% for first $10M of development • 10% for first $10M of acquisition • 10% and 5% >$10M, respectively • excludes contingencies, syndication, reserves	• between $4,000 and $6,500/unit; • possible waivers >40 unit and master-metered projects	• 1.15 in first year of stabilized operations • 1.1 with amortizing state loan	• operating between three and six months of expenses, debt service, and reserve deposits • replacement $300/unit	distinct for family, senior, and PSH, with requirements for each	30 years	minimum point score overall and in particular categories	bonus points for being in a "Community of Opportunity"	no provision	no geographic set-asides (since a small state)	six different categories: • developer capacity; • impact/ opportunity /ToD/ planning area; • income targeting; • leveraging; • development quality; • state determined bonus points	no provision	no provision	• reserves the right to require a justification of any cost line item; • negative points for costs over certain amounts ($113-$135/ft2) • in related party transactions where acquired two or more years before the application, the price does not exceed the "as is" appraised value
Minn.	• 15% of total costs <51 units • 8% for >50 units	• compare applications with agency's data from comparable projects • for existing projects, compare to audited financials	• 1.15 for 9% new and projects with 90% PBRA • 1.20 for 4% new and rehab • 1.25 for cash out refi • after initial, 1.0 for 15 years	• replacement reserves of $300/ unit for senior, $450/unit for all others, unless physical needs assessment indicates higher amount • counts as developer fee if reverts to owner	persons with disabilities and homeless	30 years; QC waived for 9% (not bonds)		bonus points for projects in higher income communities close to jobs	no provision	• greater Twin Cities metro • balance of state	multiple point categories	counts as developer fee if reverts to owner	$1,000,000	• predictive cost model, uses data from tax credit properties, RS Means, and regression analysis • agency orders appraisal, paid for by applicant • projects with costs below the median are eligible for cost containment point competition

GENERAL COMPARATIVE SUMMARY OF SELECTED STATES' 2015 QUALIFIED ALLOCATION PLANS

STATE	DEVELOPER FEE (AMOUNT, DEFERRED, RELATED PARTY)	OPERATING EXPENSES	DEBT SERVICE COVERAGE RATIO[1]	RESERVES (DEBT/ OPERATING; REPLACEMENT; OTHER)	RESIDENT SERVICES PLAN	EXTENDED AFFORDABILITY & QUALIFIED CONTRACTS[2]	DISTINCT 4% TC / BOND REQUIREMENTS	SOCIAL EQUITY[3]	ENSURE LOCAL HOME/CDBG UTILIZATION[4]	URBAN/RURAL	OVERALL, BASIC FRAMEWORK	CONTINGENCIES	MAXIMUM SUBSIDY	COST CONTAINMENT
N.C.	• $13,000/unit for new or • 28.5% of rehab line-item • max of $1.1M for 9%s and $1.7M w/bonds	• $3,400/unit new, $3,600/unit rehab excluding taxes and reserves	1.15 for 20 years	• rent up $300/unit • greater of $1,500/ unit or six month's expenses and debt service • replacement $250/unit new, $350/unit rehab	none, separated from ownership/ management	30 years all waive QC	• higher max units • less income targeting	nothing directly applicable	no provision	one metro and three rural set-asides	• new const. often comes down to the LIHTC/unit tiebreaker • rehab is worst first	max 5% new, 10% rehab	$1,000,000 per project	• negative points for new const. if exceed main cost line-item • rehab must <$120k/unit
Ohio	• allocated: 15% of total rehab and new const. eligible basis and 5% of acquisition • bonds: 20% of rehab and new const. eligible basis (amounts >15% must be deferred) and 15% of acquisition	compare apps' budgets with: • 1. similar current applications • 2. comps in the developer's or syndicator's portfolio • 3. project's appraisal or audited financials • 4. OHFA's data. • applications exceeding the above will provide more info • operating survey data on will be on the website as a guideline	• 1.20 for the first year; must maintain >1.0 for 15 years • average hard DCR over 15 years must be <1.5	• min. operating is four months of the first year 's expenses, hard debt service, and replacement reserves, max is 12 months • replacement Senior New = $250/unit Family / PSH New = $350/unit SF Homes = $300/unit Senior Rehab = $350/unit Family / PSH Rehab = $400/unit	distinct for family, senior, and PSH, with requirements for each	30 years all waive QC	• lower min. rehab/ unit • higher max soft cost %	points for being in a "high-income census tract" or a family project outside a QCT	no provision	divide new, rehab, and PSH set-asides into urban, suburban, and rural counties	• A. Local Collaboration • B. Development Characteristics • C. Economic Characteristics • D. Market Characteristics • E. Areas of Distinction • F. Preservation Characteristics	5% for new, 10% for rehab and ad. reuse	max points if <$19k/ unit new, <$11k/unit rehab per-project max of $1M	compare apps' budgets with: • 1. similar current applications • 2. final cost certs • 3. review of the 80% completed plans, and • 4. OHFA Cost Index. (each /unit, /BR, /ft2) • applications > of the above will provide more • professional soft costs <20% total, <25% for bond deals.
Utah	• lesser of 18% sitework, rehab / new const., and other line-items or $17,200/unit • 6% of acquisition	• 1BR $2,900 • 2BR $3,100 • 3BR $3,250 • 4BR $3,400 excludes replacement reserves and taxes tenant pays electric and gas, owner pays sewer and water	• min 1.15 • max 1.25	• replacement $350 for rehab, $300 for new • others set in funding source letters	only for "special needs" tenants	50 years; no specific QC provision		nothing directly applicable	no provision	25% of LIHTCs to applications in "rural" areas	several criteria, separated into primary and secondary	no provisions	none per project; $1,000,000 or 20% of the state's total to an applicant	compare applications' costs against each other in four ways for points

STATE	DEVELOPER FEE (AMOUNT, DEFERRED, RELATED PARTY)	OPERATING EXPENSES	DEBT SERVICE COVERAGE RATIO[1]	RESERVES (DEBT/ OPERATING; REPLACEMENT; OTHER)	RESIDENT SERVICES PLAN	EXTENDED AFFORDABILITY & QUALIFIED CONTRACTS[2]	DISTINCT 4% TC / BOND REQUIREMENTS	SOCIAL EQUITY[3]	ENSURE LOCAL HOME/CDBG UTILIZATION[4]	URBAN/RURAL	OVERALL, BASIC FRAMEWORK	CONTINGENCIES	MAXIMUM SUBSIDY	COST CONTAINMENT
Va.	complex set of limits, including the lesser of • 15% for first $1M in total costs • 12% for $1-$10, and • 8% for >$10M in TDC and -10% of acquisition (none if there is an identity of interest) plus 25% of rehab basis	min. $3,800/ unit excluding replacement reserves (assumes tenants pay utilities)	1.15	replacement • $250/unit new const. senior • $350/unit others	no provision	• max points for 50 years • owners apply to determine if eligible to request a QC		census tract with poverty levels < 10%	no provision	several regional set-asides	complex scoring system	no provisions	no provision	• $193,085/ unit new, $148,951 rehab • substantially higher in D.C. area • based on the percentage by which the cost/ unit is less than the highest per unit type cost • negative points if was a principal in a project for which the actual construction costs exceeded the applicable limit by 5% or more
Wash.	• 15% of total less reserves and related party acquisition, or 10% if rehab is <¼ of building value • max points for 10% • final amount set by agency 10 days before equity closing	review the reasonableness of the budgets submitted; may require that the Applicant submit documentation to substantiate that any or all of a project's revenue or costs are reasonable	no provision	based on capital needs assessment for rehab; no provision for new	for homeless projects	max points for an additional 22 years after the close of the compliance period; no specific QC provision	application must show both 9% and 4% LIHTCs; those feasible as the latter will not be funded; a statement that the project has a funding gap alone will not be acceptable	point for being in a high opportunity area	no provision	divided between King Co. (Seattle), metro, and nonmetro counties; each has about 1/3 of the total	• 1st Fully Funded • 2nd Geographic Pool • 3rd NIMBY Exemption • 4th Geographic Dispersion • 5th Allocation Criteria (summary below) • 6th Tiebreakers	• 10% for new • 15% rehab	• $20,510/unit for those in metro counties with state boost • $15,808/unit otherwise • max of $1,624,152 per project	• $273,000 for a 2BR in a metro area or PSH, $189,520 otherwise; limit can be waived • points based on how applications compare to others in the round >15% median cost/ft.2 receive zero points 15% above to 5% below two points <2% below three points

STATE	DEVELOPER FEE (AMOUNT, DEFERRED, RELATED PARTY)	OPERATING EXPENSES	DEBT SERVICE COVERAGE RATIO[1]	RESERVES (DEBT/ OPERATING; REPLACEMENT; OTHER)	RESIDENT SERVICES PLAN	EXTENDED AFFORDABILITY & QUALIFIED CONTRACTS[2]	DISTINCT 4% TC / BOND REQUIREMENTS	SOCIAL EQUITY[3]	ENSURE LOCAL HOME/CDBG UTILIZATION[4]	URBAN/RURAL	OVERALL, BASIC FRAMEWORK	CONTINGENCIES	MAXIMUM SUBSIDY	COST CONTAINMENT
Wisc.	• new: 15% for <25 units 12% for 25-55 units 9% for >55 units • rehab 15% of hard and some soft costs for <25 units, or 12% if more • acquisition based on chart below	expected range for operating expenses and replacement reserves (per-unit per-month): • elderly $365 to $450 • family/other, $400 to $500 • SF/Duplex, $450 to $525	1.15	• operating: at least six months • replacement: elderly $250 min. family $300 min. SF/duplex $400 min.	10% set-aside for projects with supportive services for half of units	30 years		points for properties in Employment Centers and High Needs Areas	cannot determine	10% rural set-aside	• 1. Lower-Income Areas • 2. Energy Efficiency • 3. Community Support • 4. Mixed-Income • 5. 3BR units • 6. Lowest-Income • 7. Supportive Housing • 8. Elderly Assisted Living • 9. Rehab/ Neighborhood Stabilization • 10. Universal Design • 11. Financial Participation • 12. Ownership Characteristics • 13. Tenant Ownership • 14. Project Team • 15. Readiness to Proceed • 16. Credit Usage • 17. Job Centers and High Need Areas	minimum 5% for new construction and 10% for adaptive reuse or rehab	$850,000/project	model that establishes a maximum per-unit cost based on construction type, location and development

1 There likely is variation between the states on what is above and below the line.
2 The relevant policies may be implemented only in the extended use agreement.
3 More policies could be listed using a broader definition, but these are the most relevant.
4 Does not include what are many states with points for below-market loans, including from local governments.

Wisconsin acquisition developer fee chart

PERCENTAGE OF REHABILITATION: HARD REHAB COSTS DIVIDED BY ACQUISITION COST	ELIGIBLE ACQUISITION FEE FOR PROJECTS WITH 25 OR MORE UNITS**	ELIGIBLE ACQUISITION FEE FOR PROJECTS WITH 24 OR FEWER UNITS, OR FOR PRESERVATION PROJECTS INVOLVING HUD/RD**
	(See the Identity of Interest limitation outlined below)	(See the Identity of Interest limitation outlined below)
10 – 19%	5%	8%
20 – 39%	6%	9%
40 – 59%	8%	11%
60 – 79%	10%	13%
80% and over	12%	15%

Those developments that include an "Identity of Interest" will be limited on the amount of developer's fee that can be charged. An Identity of Interest situation between the seller and buyer of real estate limits the fee for the acquisition portion to 3% of the acquisition cost or a minimum of $5,000.

Outcomes:

https://www.wheda.com/uploadedFiles/Website/LIHTC/Allocating/WHEDA%202015%20LIHTC%20Results.pdf

Ohio's "Cost Index"

9% Housing Tax Credit proposal applications will be evaluated for development costs. Any proposal or final application that contains costs exceeding the cost index will be required to submit further information detailing the higher cost. All proposal and final application costs will be weighted based on unit mix.

DEVELOPMENT TYPE - GEOGRAPHIC POLL	COST PER UNIT	COST PER BEDROOM	COST PER GROSS RESIDENTIAL SQUARE FOOT
New Units Urban	$190,000	$110,000	$155
New Units Suburban	$180,000	$105,000	$145
New Units Rural	$185,000	$115,000	$160
Existing Units Urban	$125,000	$95,000	$150
Existing Units Suburban	$130,000	$80,000	$140
Existing Units Rural	$135,000	$85,000	$145

Cost per bedroom limits apply only to units with two (2) or more bedrooms.

Adjustments (percent increase applied to all limits):

Single Family Home	20%
Elevator	10%
MHA Development	5%
Historic	20%
Federal or State Prevailing Wage Rate	5%
Development in Toledo or Cleveland	5%
High-Income Census Tract	5%

Washington State

SUMMARY OF ALLOCATION CRITERIA	KING COUNTY POINTS	METRO COUNTY POINTS	NON-METRO COUNTY POINTS
Additional Low-Income Set-Aside	50-60	50-60	50-60
Additional Low-Income Housing Use Period	2-44	2-44	2-44
Serving Special Needs Populations:			
75% Homeless	35	35	35
Up to two of the following:			
20% Farmworker	10	10	10
20% Large Households	10	10	10
20% Disabled	10	10	10
20% Homeless	10	10	10
100% Elderly	10	10	10
Funding:			
Local Funding Commitment	5	5	-
Federal Leverage of Capital Funds	3/5	3/5	3/5
State Funding Coordination	2	2	2
Project Based Rental Assistance	2-4	2-4	2-4
Development Costs:			
Cost Containment Incentive	2-3	2-3	2-3
Developer Fees	2-10	2-10	2-10
Targeted Areas:			
Eligible Tribal Area	6	5	3
Location Efficient Projects	2	2	2
Area Targeted by a Local Jurisdiction	2	2	-
Community Revitalization Plan	1	1	-
Transit Oriented Development	1	-	-
Job Centers	-	1	1
High/Very High Opportunity Areas	1	-	-
At-Risk of Market Conversion (Rehab only)	4/6	4/6	4/6
Historic Property (New Production Only)	5	5	5
Nonprofit Sponsor	5	5	5
Donation in Support of Local Housing Needs	5	5	5
Eventual Tenant Ownership	2	2	2

Indiana's cost point scoring

Up to 8 points will be awarded for developments that implement cost containment measures. Developments will be divided into three categories and compete against each other based cost per square foot (gross).

i. New construction
ii. Preservation of existing affordable housing
iii. Adaptive reuse

Points will be awarded based on the following distribution. Projects with more than one construction type will compete in the category that represents the majority based on square footage.

LOWEST COST PER SQUARE FOOT RANKING (HARD AND SOFT)	80TH PERCENTILE	60TH PERCENTILE	40TH PERCENTILE	20TH PERCENTILE
Points	8	6	4	2

In order to preserve these points at the time of final application, the cost may not increase by more than 5%.

2016 QAP Recommendation: Social Equity - Three Primary Components

1. **Location Preferences:**
   a. **Scored Element**: Vulnerable Gentrification Areas as measured by the following:
      i. Revitalization Plan
      ii. Qualified Census Tract
      iii. High percentage communities of color
      iv. High percentage low educational achievement
      v. High percentage renters
   b. **Scored Element:** Opportunity Areas as measured by the following:
      i. Low poverty Census Tract
      ii. High ratio of jobs to population
      iii. Below average unemployment
      iv. High scoring schools

   NOTE: *Different urban vs. rural criteria will be developed to ensure opportunity in both areas of the state; data and maps of identified criteria to be published in addition to allowing individual applicants to report location accessibility such as distance to grocery stores, schools, and public transportation.*

2. **Population targets:**
   a. **Threshold Element:** All projects applicants will be required to submit an Affirmative Marketing Plan,
   b. **Scored Element:** 9% LIHTC project applicants are asked to identify ways that their proposed Affirmative Fair Housing Marketing Plan achieves above and beyond the elements required by HUD. Additional actions should include, but not be limited to, using detailed demographic factors in designing outreach strategies; including partner agencies in marketing; a language access plan; preparing reports on identified outcomes; and continuous outreach programs that would be conducted to maintain a well-balanced waiting list that will assure the meeting of the affirmative marketing goals at all times.

3. **Economic targets:**
   a. **Threshold Element:** All project applicants are asked to identify ways, and/or targets, that they will contract with Minority, Women, and/or Emerging Small Business (MWESB) contractors/subcontractors in the construction and operation of the proposed project.
   b. **Threshold Element:** All project awardees will be required to submit a report to OHCS demonstrating efforts to contract with MWESB contractors/subcontractors, using state registry at the time of Form 8609 issuance;
   c. **Scoring Element:** A new MWESB utilization component will be added to the Sponsor Capacity portion of the NOFA application that will take into consideration the project applicant's actual utilization of MWESB contractors/subcontractors against the MWESB plans submitted during funding rounds.

2016 Qualified Allocation Plan and Developers Fee

- Oregon 15% former policy: maximum developer fee is up to 15% of total project expenses less developer fee and reserves
- % of Rehab new concept: applies to rehabilitation projects and allows 17% of rehab/construction costs for 9% (minimum of $750,000) LIHTC projects and 20% for 4% LIHTC projects (minimum $600,000)
- $ per new Unit new concept: applies to new construction projects and allows up to $22,000 per unit built for 9% LIHTC (minimum $400,000) and $25,000 for new unit for 4% LIHTC (minimum $600,000)
- 15% new concept: allows maximum developer fee up to 15% of project cost less Acquisition, developer fee and reserves in addition to 5% for acquisition in an unrelated transaction / 0% for acquisition where there is an identity of interest
- 12% new concept: allows maximum developer fee up to 12% of project cost less Acquisition, developer fee and reserves in addition to 5% for acquisition in an unrelated transaction / 0% for acquisition where there is an identity of interest

4% LIHTC

4% project data		**Project Example** acq/rehab	**Project Example** acq/rehab	**Project Example** acq/rehab	**Project Example** new construction	**Project Example** new construction
	total cost	$4,621,996	$12,143,780	$17,110,006	$12,931,711	$38,641,109
	acqusition cost	$2,376,888	$5,739,487	$7,900,000	$4,000	$3,895,125
	construction cost	$1,000,000	$3,073,292	$3,711,885	$9,034,675	$25,759,750
	development cost	$1,245,108	$3,331,001	$5,498,121	$3,893,036	$11,933,257

Developer Fee Options		*% of construction*		*% of construction*		*% of construction*		*% of construction*		*% of construction*
Developer Fee taken	$591,778	*59%*	$1,500,000	*49%*	$2,123,634	*57%*	$1,275,000	*14%*	$4,240,000	*16%*
% of rehab *new concept*	$600,000	*60%*	$768,323	*25%*	$927,971	*25%*	-	-	-	-
$ per new Unit *new concept*	-	-	-	-	-	-	$1,175,000	*13%*	$3,875,000	*15%*
15% *new concept*	$281,753	*28%*	$781,116	*25%*	$1,093,199	*29%*	$1,656,338	*18%*	$4,404,765	*17%*
12% *new concept*	$231,441	*23%*	$641,631	*21%*	$897,985	*24%*	$1,360,563	*15%*	$3,618,200	*14%*
Oregon former policy	$591,782	*59%*	$1,529,745	*50%*	$2,107,614	*57%*	$1,714,139	*19%*	$5,013,748	*19%*
Colorado	$581,583	*58%*	$1,151,765	*37%*	$1,563,091	*42%*	$1,714,139	*19%*	$3,562,022	*14%*
Indiana	$812,500	*81%*	$1,515,000	*49%*	$1,419,000	*38%*	$695,000	*8%*	$1,455,000	*6%*
Maryland	$573,623	*57%*	$549,337	*18%*	$1,685,384	*45%*	$1,083,756	*12%*	$2,500,000	*10%*
Minnesota	$322,417	*32%*	$818,243	*27%*	$1,124,060	*30%*	$1,714,139	*19%*	$2,673,999	*10%*
North Carolina	$285,000	*29%*	$875,888	*29%*	$1,057,887	*29%*	$611,000	*7%*	$1,700,000	*7%*
Ohio	$543,800	*54%*	$1,475,581	*48%*	$1,750,000	*47%*	$1,355,201	*15%*	$1,750,000	*7%*
Utah	$322,613	*32%*	$897,562	*29%*	$1,142,139	*31%*	$808,640	*9%*	$2,899,708	*11%*
Virginia	$250,000	*25%*	$1,058,693	*34%*	$1,717,971	*46%*	$914,207	*10%*	$2,751,901	*11%*
Washington	$235,250	*24%*	$1,113,456	*36%*	$2,107,614	*57%*	$1,714,139	*19%*	$5,013,748	*19%*
Wisconsin	$259,506	*26%*	$855,376	*28%*	$1,370,091	*37%*	$1,371,310	*15%*	$3,125,102	*12%*

State Developer Fees are Estimates only

2016 Qualified Allocation Plan and Developers Fee

- Oregon 15% former policy: maximum developer fee is up to 15% of total project expenses less developer fee and reserves
- % of Rehab new concept: applies to rehabilitation projects and allows 17% of rehab/construction costs for 9% (minimum of $750,000) LIHTC projects and 20% for 4% LIHTC projects (minimum $600,000)
- $ per new Unit new concept: applies to new construction projects and allows up to $22,000 per unit built for 9% LIHTC (minimum $400,000) and $25,000 for new unit for 4% LIHTC (minimum $600,000)
- 15% new concept: allows maximum developer fee up to 15% of project cost less Acquisition, developer fee and reserves in addition to 5% for acquisition in an unrelated transaction / 0% for acquisition where there is an identity of interest
- 12% new concept: allows maximum developer fee up to 12% of project cost less Acquisition, developer fee and reserves in addition to 5% for acquisition in an unrelated transaction / 0% for acquisition where there is an identity of interest

9% LIHTC

9% applicant project data	**Project Example** acq/rehab preservation	**Project Example** acq/rehab preservation	**Project Example** new construction	**Project Example** new construction	**Project Example** new construction
total cost	$12,965,550	$16,203,221	$7,132,942	$8,344,724	$9,143,981
acqusition cost	$5,605,000	$6,217,852	$405,000	$655,000	$422,000
construction cost	$4,480,000	$5,958,136	$4,471,805	$5,269,356	$5,983,490
development cost	$2,880,550	$4,027,233	$2,256,137	$2,420,368	$2,738,491

Developer Fee Options		*% of construction*		*% of construction*		*% of construction*		*% of construction*		*% of construction*
Developer Fee taken	$1,650,188	*37%*	$1,440,000	*24%*	$759,000	*17%*	$750,000	*14%*	$1,035,000	*17%*
% of rehab *new concept*	$761,600	*17%*	$1,012,883	*17%*		-		-		-
$ per new Unit *new concept*		-			$704,000	*16%*	$770,000	*15%*	$1,188,000	*20%*
15% *new concept*	$1,203,767	*27%*	$1,302,439	*22%*	$895,166	*20%*	$1,031,486	*20%*	$1,155,998	*19%*
12% *new concept*	$1,038,854	*23%*	$1,069,861	*18%*	$738,931	*17%*	$853,140	*16%*	$953,337	*16%*
Oregon former policy	$1,650,188	*37%*	$2,058,608	*35%*	$915,276	*20%*	$1,067,651	*20%*	$1,175,541	*20%*
Colorado	$754,976	*17%*	$1,024,801	*17%*	$862,450	*19%*	$982,216	*19%*	$920,409	*15%*
Indiana	$962,500	*21%*	$1,075,000	*18%*	$499,500	*11%*	$540,000	*10%*	$765,000	*13%*
Maryland	$1,406,492	*31%*	$1,788,266	*30%*	$897,667	*20%*	$1,039,173	*20%*	$1,157,193	*19%*
Minnesota	$960,411	*21%*	$1,200,239	*20%*	$528,366	*12%*	$618,128	*12%*	$677,332	*11%*
North Carolina	$1,100,000	*25%*	$1,100,000	*18%*	$416,000	*9%*	$455,000	*9%*	$702,000	*12%*
Ohio	$952,250	*21%*	$1,204,613	*20%*	$976,145	*22%*	$1,135,809	*22%*	$1,239,273	*21%*
Utah	$1,402,700	*31%*	$1,594,271	*27%*	$574,700	*13%*	$641,300	*12%*	$954,120	*16%*
Virginia	$1,366,045	*30%*	$1,141,849	*19%*	$771,387	*17%*	$892,088	*17%*	$984,873	*16%*
Washington	$1,650,188	*37%*	$1,247,584	*21%*	$637,920	*14%*	$744,120	*14%*	$819,316	*14%*
Wisconsin	$1,379,082	*31%*	$1,680,148	*28%*	$775,092	*17%*	$911,622	*17%*	$991,016	*17%*

State Developer Fees are Estimates only

Developer Fee State Comparison
Novagradac DRAFT Report

	Developer Fee (Amount, Deferred, Related Party)
Col.	12% if >50 units, 15% if <51 units of Total Project Costs – land, developer fees, consultant fees and reserves.
Ind.	-first 15: $18k/unit new, $20k/unit rehab -next 30: $13.5k and $15k -next 30: $10k and $12.5k -any >75: $6K -$1.2M max if 9%, $2M w/bonds
Md.	-15% for first $10M of development -10% of acquisition; 10% and 5% >$10M; excludes contingencies, syndication, reserves required by lenders or investors, consultant fees and the developer's fee. Fee is capped at $2.5 million.
Minn.	8% of total costs – developer & consultant fees; if >50 units, 15% if <51 units
N.C.	$13,000/unit for new, 28.5% for rehab, max of $1.1M for 9%s and $1.7M w/bonds
Ohio	-allocated: 15% of total rehab and new const. eligible basis and 5% of acquisition -bonds: 20% of rehab and new const. eligible basis (amounts >15% must be deferred) and 15% of acquisition Minimum fee = $500,000 Maximum fee = $1,750,000
Utah	lesser of 18% Developer Profit Basis or $17,200/unit 6% of acquisition Developer Profit Basis = Site work + rehab/New construction + contingency + A&E – Impact Fees.
Va.	complex set of limits, including the lesser of -15% for first $1M in total costs – Developer & consultant fees - reserves -12% for $1-$10, and -8% for >$10M in TDC – Developer & consultant fees - reserves and -10% of acquisition (none if there is an identity of interest) plus 25% of rehab basis – Developer & consultant fees - reserves
Wash.	-15% of total less developer fee, consultant fees, reserves and related party acquisition, or 10% if rehab is <¼ of building value -max points for 10% -final amount set by agency 10 days before equity closing
Wisc.	New construction based on total development costs – developer & consultant fees 15% for <25 units 12% for 25-55 units 9% for >55 units -rehab 12% of hard costs + soft costs (excluding developer & consultant fees) for >25 units; 15% for <25 units or for Preservation Projects involving HUD/RD. -acquisition based on chart below

Wisconsin acquisition developer fee chart

Percentage of Rehabilitation: Hard Rehab Costs Divided by Acquisition Cost	Eligible Acquisition Fee for Projects with 25 or more Units**	Eligible Acquisition Fee for Projects with 24 or Fewer Units, or for Preservation Projects Involving HUD/RD**
10 – 19%	5%	8%
20 – 39%	6%	9%
40 – 59%	8%	11%
60 – 79%	10%	13%
80% and over	12%	15%

**Those developments that include an "Identity of Interest" will be limited on the amount of developer's fee that can be charged. An Identity of Interest situation between the seller and buyer of real estate limits the fee for the acquisition portion to 3% of the acquisition cost or a minimum of $5,000.Outcomes:
https://www.wheda.com/uploadedFiles/Website/LIHTC/Allocating/WHEDA%202015%20LIHTC%20Results.pdf