State of Oregon

Qualified Allocation Plan

For Low Income Housing Tax Credits

January 20th, 2021

OREGON HOUSING and COMMUNITY SERVICES

Approval of the State of Oregon
2019 Updated Qualified Allocation Plan
Low income Housing Tax Credit Program

I, Kate Brown, Governor of the State of Oregon, do hereby approve for implementation the 2019 Updated Qualified Allocation Plan that governs the federal Low Income Housing Tax Credit Program, as presented to me by the Oregon Housing and Community Services Department under the provisions of IRC Section 42, Executive Order EO-87-06 and OAR Chapter 813, Division 90.

The Honorable Kate Brown, Governor of Oregon

January 20th,2021
Date

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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 (or 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 Housing and Community Services Department (OHCS) as the administrator of the LIHTC Program.

OHCS 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 OHCS will use to determine its housing priorities,

(ii) the preferences of OHCS in allocating housing credit dollar amounts among selected Projects, including:

  (I) Projects serving the lowest income tenants,

  (II) Projects obligated to serve qualified tenants for the longest periods, and

  (III) Projects which are located in qualified census tracts and the development of which contributs to a concerted community revitalization plan, and

  (IV) the procedures that OHCS will follow in monitoring for Program noncompliance, in notifying the IRS of such noncompliance and in monitoring for noncompliance with Project habitability standards through regular site visits.

Section 42(m)(1)(C) of the Code providesthe selection criteria that must be used. The selection criteria set forth in a QAP must include:

(i) Project location,

(ii) housing needs characteristics,

(iii) Project characteristics, including whether the Project includes the use of existing housing as part of a community revitalization plan,

(iv) sponsor characteristics,

(v) tenant populations with special housing needs,

(vi) public housing waiting lists,

(vii) tenant populations of individuals with children,
(viii) Projects intended for eventual tenant ownership,
(ix) the energy efficiency of the Project, and
(x) the historic nature of the Project.

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. The Plan has been substantially revised for 2019. OHCS reserves the option to issue temporary public notices, rules, or other guidance through which, procedurally, OHCS will continue to efficiently administer the LIHTC Program, in a manner consistent with this Plan, and with OHCS's goals.

The Oregon Housing Stability Council recommended the amended 2019 Plan contained on, October 24, 2019. Public hearing was held concerning the Plan on October 24, 2019 after appropriate notice was provided.

Credit Overview

4% LIHTC: Non-Competitive Housing Tax Credits

The State of Oregon is provided with access to tax credits that are only available to Projects that are financed using tax-exempt bond proceeds which are associated with Oregon's Private Activity Bond Authority. The tax-exempt bonds are subject to the volume cap limitations in Section 146 of the Code as further detailed in Section 42(h)(4)(A)and(B) of the Code. Projects financed with tax-exempt bonds may be eligible for 4% LIHTCs without participating in a Competitive Credit allocations process

(i) these non-competitive credits are not subject to OHCS preferences or selection criteria outlined in the QAP, but must meet Section 42 statutory preferences, standards of financial feasibility and viability, Project monitoring procedures and Program specific requirements of OHCS such as the Diversity and Equity Inclusion, and Management Agent agreements established by OHCS.

9% LIHTC: Competitive Housing Tax Credits

OHCS allocates all of the state's 9% LIHTC credit authority on a competitive basis, based on the selection criteria, preferences, and policies laid out in this QAP

(i) the set-aside categories, their respective requirements, and the amount of the annual 9% LIHTC allocated to each are described below,

Set-Asides

% of 9 LIHTC	Set-Aside Category
10% requirement; across all set-aside categories	Qualified Non-Profit A qualified nonprofit (QNP) organization is an organization described in Section 501(c)(3) or Section 501(c)(4) of the Code and has as one (1) of its exempt purposes the "fostering of low-income housing."
25% Set-Aside	Preservation Projects Set-Aside Defined as Projects with at least twenty-five percent (25%) of the residential units have federal Project-based rent subsidies AND the HUD Section 8 contract is expiring or the USDA Rural Development

	(RD) loan is maturing within 7 years, or RD restrictive use covenants have expired. OR Projects with public housing units undergoing a preservation transaction involving a comprehensive recapitalization. (note: for scattered site Projects with multiple locations, the 25 percent is calculated from all units in the transaction)
10% Set-Aside	Tribal Lands Set-Aside Defined as being an application sponsored by tribal governments, tribally designated housing entities or tribal corporate entities on tribal trust land. If this set-aside is not fully utilized, the balance of resources will revert to the Preservation Project Set-Aside.
65% Set-Aside	Regional Pool Set-Aside; Allocated by 5 year American Community Survey Data on the severe rent burdened households and renter households with a head of household of color; to the following soft-Set-Aside Regions: Portland Metro Counties (HUD HOME Participating Jurisdictions of Clackamas County, Multnomah County, and Washington County) Non Metro HUD HOME Participating Jurisdictions (the cities of Eugene / Springfield, Salem / Keizer) Balance of State Urban (cities of Albany, Ashland, Bend, Central Point, Dallas, McMinnville, Medford, Newberg, Redmond, and Woodburn) Balance of State non-Urban/Rural (Balance of State) No region to be allocated less than $1 million in 9% LIHTC; if Balance of State Urban or Balance of State Rural are under-subscribed the remaining resources should first be moved to the other Balance of State region before going to the overall regional pool.

Determination of Credit Amount

The owner of a low-income housing property must certify to the OHCS that the Project meets the minimum requirements of

(i) 20 – 50 test under Section 42(g)(1)(A) of the Code,
(ii) 40 – 60 test under Section 42(g)(1)(B) of the Code, or
(iii) Income Averaging test under Section 42(g)(1)(C).

OHCS will make the financial feasibility and viability determination required under Section 42(m)(2)(A) for all 4% and 9% LIHTC allocations. The Code requires OHCS to allocate only what is necessary for financial feasibility throughout the extended use period. OHCS will evaluate each proposed Project taking into account relevant factors, including but not limited to the following items:

(i) Project cost, including the reasonableness of cost per unit, developer fees and overhead, consultant fees, builder profit and overhead, and syndication costs;
(ii) Sources and uses of funds and the total financing planned for the Project, including the ability of the Project to service debt;
(iii) The proceeds or receipts expected to be generated by reason of tax benefits;
(iv) The use of federal funds and other assistance; and
(v) 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' 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. The final tax credit determination is made solely at OHCS' discretion at the time of final application and prior to the issuance of IRS form 8609, (Low-Income Housing Credit Allocaitona nd Certification) as detailed in **LIHTC Requirements and Processes** Section of this QAP,Placed-In-Service Allocation Requirements.

If there is a material increase in LIHTC pricing subsequent to a reservation Tax Credits, OHCS reserves the right to adjust the amount of a tax credit award or any other OHCS funding source.

OHCS may use the following guidelines for avoiding Project over-subsidization. Subject to the approval of OHCS, the increase may be used:

(i) To decrease rents.
(ii) To reduce the permanent loan, sponsor loans, tax credit allocation or other OHCS funding sources as determined by OHCS in consultation with the Owner.
(iii) A portion of the increase may be used for necessary justifiable cost increases, or to reduce deferred developer fee, as allowable per the Code.

Pursuant to Section 42(m)(1)(A)(iii) of the Code, a comprehensive market study of the housing needs of low-income individuals in the area to be served by the Project is conducted before the credit allocation is made and at the developer's expense by a disinterested party who is approved by OHCS.

Applying for Credits

Project Charges

When applying for or receiving any Program funds, the Applicant must pay applicable charges, as adopted by the Oregon Housing Stability Council. These charges include, but are not limited to, application charges, recipient charges, and compliance charges. The Housing Stability Council adopted charges will be posted on any development application website.

4% LIHTCs/Conduit Bond Application Timing/ Process

OHCS accepts 4% LIHTCs applications at any time during the year on a rolling basis. A two part process has been established in an effort to clarify and expedite the processing of bond and/or 4% LIHTC transactions.

(i) A preliminary assessment application required in the non-competitive process, to accomplish do the following:
    a. Identify any potential deficiencies within the application early.
    b. Set an Intent Resolution (if using OHCS bonds).

c. Determine a specified due diligence need lists to submit along with materials required for the part two application.
d. Set a due date for the part two submission application materials.

(ii) A complete 4% LIHTC application along with the specified due diligence needs list items identified at the preliminary assessment stage must be submitted to OHCS prior to approval of the funding request.
a. The Project must close on the construction financing within 180 days of the 4% LIHTC application acceptance letter issuance date.

9% LIHTCs/ Notice of Funding Availability (NOFA) timing/ process

9% LIHTCs are offered on a competitive basis structured as a Notice of Funding Availability (NOFA) and is made available one time a year, most often in January. The NOFA reflects the threshold and competitive criteria laid out in this QAP.

(i) Any NOFA will include a pre-application that:
a. Determines eligibility for 9% LIHTC basis boost, and
b. Provides Applicants early insight on some portion of established competitive scoring criteria.

Failure to submit a pre-application by deadline established in NOFA will remove a Project from consideration.

(ii) Each Application will be reviewed for timeliness and completeness of the NOFA requirements. The following are Pass/Fail criteria; meaning if the requirement is not met the Project will be disqualified and not considered for funding reservation:
a. NOFA Cover Sheet submitted by due date and time;
b. Application and Charge Transmittal Form and payment of application charges;
c. Owner/Board of Director's Authorization and Acceptance Form;
d. Organizational Documents;
e. Diversity, Equity and Inclusion (DEI) agreement;
f. Complete NOFA Application with required exhibits; and
g. Certification of Pre-Application submission.

If OHCS 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 OHCS to submit the required information. At the discretion of OHCS, 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) OHCS may disqualify the Application.

NOFA applications that pass administrative review will be reviewed for threshold and then competitive scoring elements where they will be ranked within the set-aside groups and prioritized for funding recommendation in the process.

9% LIHTCs/Notice of Funding Availability (NOFA) Ranks and Tie Breaking

(i) Applications are first ranked within each Set-Aside Category. Applications that have the highest score within each Set-Aside Category will be recommended for funding as allocated resources allow. If Applications within a set-aside do not score well enough to be funded, or if there are no projects to fund within a set-aside category, the set-aside category funds will be put back into the statewide pool, with the exception of the Tribal Set-Aside which will first be directed to the Preservation Set-Aside before returning to statewide availability. Once remaining resources are pooled, Applications will be ranked statewide by overall score and additional reservations may be issued until the balance of available LIHTCs or other OHCS funding sources are not adequate to support any other Applications. If LIHTCs and/or other OHCS funding sources remain after all reservation processes are complete, OHCS may choose, at its sole discretion, whether or not to award any or part of the remaining LIHTCs/resources.

(ii) 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:

a. If the tied Projects are in different Set-Aside Categories or Regions and more than fifty percent (50%) of the remaining funds comes from one of those Set-Aside Categories; that Project will be funded.

b. If the tied Projects are in the same Set-Aside Category or Region, or from a Set-Aside Category or Region whose allocation contributes less than fifty percent (50%) of the remaining funds, the Project serving

households with the lowest Average Median Family Income served will be funded.

c. If the Average Median Family Income is tied, the Project with the lowest LIHTC per bedroom will be funded.

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 not originally allocated during the funding cycle, or can't make its carryover requirements, or National Pool is awarded above current allocations, OHCS, at its sole discretion, may do any of the following:

a. Fund the next highest ranking Application from the current funding cycle that matches or is closest to the amount of LIHTCs and other OHCS 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 OHCS 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 NOFA. Any returned credits after September 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.

b. OHCS may issue a Request For Proposals (RFP), or special application process for Projects to complete for the unused LIHTCs.

c. Add the returned amount to the total available to the following calendar year's application-award cycle.

To the best of its ability, OHCS will maintain the desired funding split between Set-Aside Categories. Applications will remain eligible for the funding cycle under which the application was made for LIHTCs, only if the Applicant has not applied as a four percent (4%) non-competitive LIHTC Project.

(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 OHCS's reasonable discretion.

(iii) **Agency authority to use 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 Reservation or Application as proposed
c. Take no action.

Minimum Thresholds for Application– 4% and 9% LIHTC

OHCS has the following Minimum Threshold Requirements (Thresholds) for evaluating Applications. The Applicant must demonstrate in the Application compliance with all the applicable Thresholds. Failure to pass any of these Thresholds may disqualify the Application from scoring and therefore from receiving any funding. Additionally, the Applicant must submit a complete, legible, and executed Application satisfactory to OHCS. The Applicant must include all required attachments and the appropriate Application charge by the deadlines established by OHCS and must use OHCS's Application forms.

(i) **Long Term Affordability**: OHCS has established a threshold requirement that all competitively awarded 9% LIHTC housing tax credit Projects must remain affordable for 60 years and 4% LIHTC housing tax credit Projects must remain affordable for 30 years.

(ii) **Violence Against Women Act**: In conformity with the Violence Against Women Act (VAWA) of 2013, an Applicant for or tenant of housing

assisted under the LIHTC Program may not be denied admission to, denied assistance under, terminated from participation in or evicted from the housing on the basis that the Applicant or tenant is or has been a victim of domestic violence, dating violence, sexual assault or stalking, if the Applicant or tenant otherwise qualifies for admission, assistance, participation, or occupancy. An incident of domestic violence, dating violence, sexual assault or stalking shall not be considered a lease violation by the victim, nor shall it be considered good cause for an eviction. If a tenant who is a victim requests an early lease termination, lease bifurcation from the abuser or transfer to another unit because she/he is in danger, a LIHTC owner, manager, or agent thereof shall make every effort to comply with the request and shall not penalize the tenant.

(iii) **Waiver of Qualified Contract**: By submitting an application for LIHTCs, all Applicants waive the right to request a qualified contract under Section 42(h)(6)(E)(i) of the Code. Thus, OHCS required extended use commitment shall not terminate at the end of the compliance period, but is instead a minimum of 60 years for 9% LIHTCs and 30 years for 4% LIHTCs transactions.

(iv) **Diversity, Equity and Inclusion (DEI) Agreement**: All Applicants are required to enter into an agreement to commit their organizations to doing work and reflection to enhance diversity, equity and inclusion practices through the signing of an OHCS Diversity, Equity and Inclusion (DEI) Agreement.

(v) **Asset Management Compliance and Project Monitoring**: As the authorized allocating agency for the State of Oregon, OHCS is responsible for monitoring the Project for compliance with Section 42 of the Code, corresponding Treasury regulations, and any other applicable IRS guidance (rulings, procedures, decisions, notices, and any other applicable IRS guidance), the Fair Housing Act, State laws, local codes, OHCS loan or regulatory documentation, and any other legal requirements as determined to apply by the Department in its sole discretion. OHCS may, at any time, adopt and revise standards, policies, procedures, and other requirements in administering the LIHTC Program. Owners must comply with all such requirements if implemented after the QAP is approved.

OHCS is responsible for establishing compliance monitoring procedures and is required by law to report noncompliance to the IRS. Monitoring each Project is an ongoing activity that extends throughout the affordability and through the extended use period (a minimum of 30 years). Projects with funding sources obtained from OHCS, 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. OHCS's LIHTC Compliance Manual is incorporated via reference and may be found at http://www.oregon.gov/ohcs/Pages/compliance-monitoring-manual-lihtc.aspx

OHCS 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 OHCS 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 OHCS to inspect housing units occupied by residents.

(vi) **Program Compliance:**. All Projects must satisfy the Program Requirements for all applicable OHCS funding sources requested. Each OHCS funding source has separate requirements, which can be found in supplemental Program manuals.

(vii) **Relocation Plan**: If any relocation or displacement of existing tenants might occur as a result of an Allocation, the Application must contain a relocation plan satisfactory to OHCS and include, among other things, a complete survey of existing tenants. OHCS's LIHTC Compliance Manual is incorporated via reference and may be found at http://www.oregon.gov/ohcs/Pages/compliance-monitoring-manual-lihtc.aspx This survey must use the format provided by OHCS be augmented to include third party income verification and be completed and approved by OHCS prior to the Equity Closing.

(viii) **Ownership Integrity**: OHCS may reject an Application where the Applicant or any member, officer, or principal within the Project ownership, management, or development team is currently under investigation by a public body for, has a pending claim, indictment, suit, action, or other proceeding

against them for; has been convicted of or been determined by an administrative or judicial (whether criminal or civil) order or judgment to have committed fraud, misrepresentation, theft, embezzlement, or any other act of moral turpitude (including, but not limited to any felony or malicious behavior) within the previous ten (10) years; been involved in a bankruptcy proceeding within the previous five (5) years; been debarred or otherwise sanctioned by OHCS.

(ix) **Single-Asset Ownership**: OHCS requires that the Project will be owned by a single-asset entity duly organized under the laws of the State of Oregon, or if allowed, duly authorized to conduct business in the State of Oregon.

(x) **Extended Use Agreement (REUA)**: As a condition of receiving an Allocation from OHCS, the Applicant must enter into an REUA satisfactory to OHCS, including executing and recording at the Applicant's expense a follow-on declaration of restrictive covenants, and otherwise execute and, as required by OHCS, record other documents regarding the Project satisfactory to OHCS. The provisions of the REUA, including the declaration of restrictive covenants, will apply throughout the applicable "Affordability Period," which includes the initial fifteen (15) year compliance period and an additional "extended low-income use period".

(xi) **Placed-In-Service Allocation Requirements**: All LIHTC Applicants are required to complete a Final Application containing required documentation. Any changes from the Equity Closing are subject to OHCS review and approval prior to the issuance of IRS Form 8609. 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 OHCS resources will have a priority for return upon the determination of excess funds for the Project.

OHCS 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 the Owner expects to receive the IRS Form 8609(s).

Upon completion of the Project, for 4% LIHTC Projects, the Borrower will provide to OHCS an analysis of the breakdown of the bond-funded costs for the Project, to meet the federal tax requirements described in the Project's Tax Certificate and Agreement (or other similar document) in a form certified by an authorized representative of the Borrower (commonly referred to as a "Good Costs Certificate"), together with more detailed backup information as requested by OHCS and/or Bond Counsel.

(xii) **Project Changes**: An Applicant must notify OHCS in writing of, and obtain its written consent to, any material change in a Project. An Applicant must notify OHCS when a material change is first identified. OHCS will endeavor to respond within thirty (30) days after notice of a material change with respect to its requested consent. OHCS 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 OHCS uses to competitively rank Projects.

OHCS will determine whether or not a change in a Project is material. OHCS'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 pages of the Application. If OHCS 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.

(xiii) **Cost Savings Clause**: Construction contracts that include any provision for cost savings that are to be retained by the general contractor or split with the Project Applicant are not permitted.

(xiv) **Project Transfer or Assignment Requiring OHCS Consent**: A Project transfer or assignment requiring OHCS consent includes 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 OHCS and the Applicant or Project Owner are parties.
- The following transfers or assignments do not require the prior written consent of OHCS: The grant of a security interest or lien junior to the interest of OHCS; or
- The issuance, redemption, or transfer of stock or shares of a corporation that is not a closely held corporation.

(xv) **Process and Requirements for Obtaining OHCS's Consent**: The first step in obtaining OHCS's written consent is to advise OHCS in writing of the proposed Project transfer or assignment. At a minimum the Applicant should describe:

- The name of the Project.
- The names of the Applicant and/or the Owner, the proposed transferor and transferee, and all other relevant parties.
- A complete description of the proposed transfer or assignment, including the proposed effective date; and
- Special circumstances related to the proposed transfer or assignment.

After receiving the written request, Applicant will be advised of OHCS'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, any transfer or assignment must be such that the Project continues to qualify for applicable set-aside.

(xvi) **Construction Closing**: For 9% LIHTC transactions, the Applicant must give OHCS 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 Applicant must submit to OHCS the Project's final development budget, final sources of funds, and documentation to substantiate the final budget.

For 4% LIHTC transactions, the Applicant must give OHCS the Project's final development budget, final sources of funds, and documentation to substantiate the final budget items ten (10) days prior to submission to OHCS Finance Committee for approval.

(xvii) **Market Study**: Applicants must submit a complete market analysis prior receiving a 9% LIHTC or 4% LIHTC allocation. The deadline for submission will be published within each NOFA or application. Applicants should read and refer to the LIHTC Market Analysis Guidelines for a full description of Department policies and guidelines. The Market Analysis Guidelines can be found at:

https://www.oregon.gov/ohcs/HD/HRS/CFCApp/Market_Analysis_Guidelines.pdf

(xviii) **OHCS Sustainable Development Standards**: All Projects receiving funding via Department administered Programs must demonstrate a commitment to sustainable design and construction practices. In addition to the Baseline Project Requirements defined in Project Development Manual (PDM), OHCS requires funded Projects to comply with the three OHCS Sustainable Development Standards (SDS) listed below:

- Modules: SDS Module 1: OHCS Approved Sustainable Building Path.
- SDS Module 2: OHCS Solar-Ready Requirement.
- SDS Module 3: OHCS Electric Vehicle (EV)-Ready Requirement.

- Applicants should read and refer to the PDM for a full description of Department policies and guidelines.

The PDM can be found at: https://www.oregon.gov/ohcs/HD/MFH/PDM-Update-2018-R1.pdf

(xix) **Identity of Interest**: Applicants must disclose and describe to OHCS all specific Identity of Interest. Identity of Interest is defined as a financial, familial, business or similar relationships that permits less than arms' length transactions among the parties participating in the development or operation of the Project (i.e., whether an "Identity of Interest" exists). Such disclosures shall be made when Requests are filed and at such other times during the development and operation of Projects and processing of Requests as requested by OHCS.

(xx) **Misrepresentation and Fraud**: OHCS may disqualify an Applicant, Project, or cancel a funding, if the Applicant, a Principal, or any representative of either makes a material misstatement, omission, or misrepresentation to OHCS, is under investigation, or has been convicted of or is currently indicted for fraud, theft, or other criminal activity involving the misappropriation of funds, false certifications, financial improprieties, or the like. OHCS, in its sole discretion, may also exercise any and all other remedies available under the Program Requirement, or otherwise available to it by law.

9% LIHTC – Criteria Elements

General Criteria

(i) **9% LIHTC Project Cap**: No Applicant may receive more than 20 percent of any annual tax credit allocation. If additional Projects have been submitted and score such that they are eligible for funding and are in excess of 20 percent of the total LIHTC funds available, the lower scoring Project(s) will not be funded. No Applicant may receive more than an average of 15 percent of annual tax credits over any two sequential year's allocations.

For example if an Applicant receives 20 percent of funds in year one, they would only be eligible for 10 percent in year two. OR, if a Applicant receives 15 percent of funds in year one, they would only be eligible for 15 percent in year two. If additional Projects have been submitted and score such that they are eligible for funding and are in excess of the percentage of the LIHTC available, the lower scoring Project(s) will not be funded.

(ii) **Requests over 10% 9% LIHTC**: Any Applicant applying for more than ten percent (10%) of the total annual 9% LIHTC state allocation, made available in this NOFA, is required to submit a 4%LIHTC/tax-exempt bond pro forma to evaluate potential feasibility for that funding source as a required threshold. Failure to submit a 4% LIHTC/tax-exempt bond pro forma will result in failure of the threshold review.

(iii) **9% LIHTC Restriction**: Projects that have been funded with 9% LIHTC in 2019 or thereafter, are not eligible to apply for additional 4% or 9% LIHTC within 20 years of the Project's Placed-In-Service date. Exceptions may be granted at the sole discretion of OHCS in cases where it determines there is a risk of physical, affordability, or other loss.

(iv) **HUD 811**: All Applicants for 9% LIHTC may be required, at the discretion of OHCS, to implement a Housing and Urban Development (HUD) 811 Demonstration, including the use of HUD's Tenant Rental Assistance Certification System (TRACS) to submit tenant certifications and electronic vouchers for

payment. More information can be found at the HUD 811 Demonstration website:
https://www.hud.gov/Program_offices/housing/mfh/progdesc/disab811.

(v) **Housing and Economic Recovery Act of 2008 (HERA) Basis Boost**: Pursuant to HERA, OHCS has the authority to increase the eligible basis for 9% LIHTC Project buildings to 130 percent of the eligible basis, for 9% LIHTC Projects, when OHCS determines that the financial feasibility of the building requires it. OHCS has determined that the financial feasibility of Project buildings meeting the criteria below may require a basis boost of up to 130 percent.

- Rural Projects defined as communities with population of 15,000 or less, outside of the Portland Urban Growth Boundary, in counties within Metropolitan Statistical Areas (Benton, Clackamas, Columbia, Deschutes, Jackson, Marion, Multnomah, Polk, Washington, and Yamhill Counties) and in Communities with population of 40,000 or less in the balance of the state
- Preservation Projects.
- Projects serving permanent supportive housing goals.
- Projects that are located in Transit Oriented Districts (TOD's) or Economic Development Regions (EDR's) as designated by local governments, or 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.
- Projects that result in the de-concentration of poverty by locating low-income housing in low poverty areas, which are Census Tracts where 10 percent or less of the population lives below the poverty level.

(vi) **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 the OHCS LIHTC Compliance Manual: https://www.oregon.gov/ohcs/Pages/compliance-monitoring-manual-lihtc.aspx.

(vii) **Minority, Women, and/or Emerging Small Business (MWESB) Engagement**: All Applicants will be required to identify ways and/or targets that they will use to 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 their efforts to contract with MWESB contractors/subcontractors, using state registry, in their final application prior to the issuance of the Form 8609.

Minority, Women, and / or Emerging Small Businesses (MWESB) contractors are those registered with the State. (http://www.oregon4biz.com/How-We-Can-Help/OMWESB/)

Readiness to Proceed

(i) **Zoning**: The Project must be properly zoned for the type of intended Project. The Applicant must provide the Certification of Zoning executed by the appropriate zoning authority to verify this.

(ii) **Site Control**: Applicant must have control of the land and other real property necessary for the Project by Application deadline as evidenced by one (1) of the following:

a. Recorded deed or conveyance showing the Applicant has Ownership,
b. Valid purchase and sale agreement,
c. Valid option to purchase,
d. Valid option for a long-term lease (lease must be approved by Oregon DOJ),
e. Any other evidence satisfactory to OHCS.

(iii) **Federal Resources Status**: If the Applicant has identified additional federal resources, such as rental or capital assistance from HUD, RD, or the Veteran's Administration (VA, as part of the funding structure, the Applicant must provide evidence satisfactory to OHCS that an application for these resources has been submitted and remains active. For RD this would mean a pre-Application Consultation Letter that includes a summary of the contact and understanding established to-date as well as expectations about the next steps in the process.

(iv) **Development Schedule**: Within the development schedule provided, the Applicant must be able to meet the required deadlines for applicable LIHTC, HOME, Gap, and OAHTC. 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 time frames. These deadlines are published in the appropriate OHCS Program manuals.

(v) **Environmental Site Checklist**: Applicants must have identified if there is any adverse environmental or site information indicated on the Project Site Checklist revealed during the OHCS Representative visit to the site or otherwise. The deadline for scheduling the site visit will be announced, and the Project Site Checklist published at least 90 days in advance of the deadline for submission. If you did not contact an OHCS Representative before the deadline for submission, the application will be considered non-responsive and will fail Threshold Review.

(vi) **Development Team Capacity**: In order to meet threshold for development team capacity, the Applicants must demonstrate to the satisfaction of OHCS that the Applicant, the developer, the Project management consultant, the general contractor, the developmetn consultant under contract and/or other persons or organizations materially involved in the Project as:

a. Successfully completed a multi-family housing project of a comparable number of housing units, of similar complexity, and for a similar tareget populaiton as the proposed project.
b. The necessary level of staffing and financial capacity to succesfully manage development and operations of its current Project portflolio including, but not limited to, all current and pending Proejcts and Applications.
c. Successfully completed previous Projects for which a similar Program allcoation was received in Oregon or other states.

9% LIHTC – Scoring Selection Criteria

This section applies to 9% LIHTC competitive applications only.

New Construction and Acquisition / Rehabilitation Scoring:

	Scoring topic	Scoring Criteria: New Construction / Acq/Rehab
State Priority	Either Permanent Supportive Housing (PSH)	Up to 2 points for including PSH units in the Project (minimum 5 units, incentive up to 25% of total affordable units)
		1 point for agreeing to participate in OHCS provided PSH training and technical assistance
		1 point for commitment of supportive tenancy service resources, funded outside of operational budget
		1 point for demonstrated experience in owning PSH affordable housing; managing PSH affordable housing; providing services in PSH affordable housing
	PSH total	**5 points**
	OR Family Sized Units	up to 3 points for the inclusion of units with 3 or more bedrooms (minimum 5 units, incentive up to 15% of total affordable units)
		up to 2 points for the inclusion of units with 2 or more bedrooms (minimum 12 units, incentive up to 45% of total affordable units)
	Family Sized Units	**5 points**
	Special Needs Target Populations	up to 4 points for including targeting of special needs populations (broadly defined) in 10 -25% or more of the total affordable units
	Special Needs Target Populations	**4 points**
	Federally Declared Disaster Areas	In consultation with the Oregon Housing Stability Council, up to 5 points may be allocated to projects located in Federally Declared Disaster Areas that have had a wide-ranging impact on housing supply.
	Federal Disaster Areas	**5 points**
State Priority Total		**14 points**

Location Need Data	1 point if Severe Rent Burden higher than state/region
	up to 2 points if market rent escalation higher than comparable areas
	up to 2 points for high market vacancy rate
	up to 2 points for ratio of Affordable Housing Inventory TO 60% AMI Households
Location Need Data	**7 points**
Location Efficiency	up to 2 points in Urban Areas for walk scores
	1 point in Rural Areas for not being in a USDA food desert
	1 point in rural for access to Parks & Public Space
	1 point for access to Employment Opportunities or Service connections
	1 point for access to School / Education / Library / Workforce Training
	1 point in Urban Areas for being in a TOD or being within 0.25 miles of fixed transit stop.
	1 point in Rural Areas for access to transit options
	-2 points for Projects that are located in inefficient areas including: Located within 300 feet of junkyards; OR Located within 300 feet of active railroad tracks (excluding commuter or light rail, or if the community has adopted a Railroad Quiet Zone or Projects with substantial remediation plans developed); OR Located adjacent to or within 1000 feet of land uses incompatible with residential occupancy such as landfills and trash incinerator facilities.
Location Efficiency	**5 points**
Opportunity Area	1 point for higher income rate than comparable Census Tracts;
	1 point for location in an area of high job concentrated center accessible for low to median wage works (scaled urban / rural)
	1 point for high labor market engagement (scaled urban / rural)
	1 point for location near a high performing elementary school (scaled urban / rural)

		1 point for higher rate of owner-occupied units than comparable census tracts.
	EITHER - Opportunity Area	**5 points**
	Vulnerable Gentrification Areas	1 point for location in a designated Opportunity Zone Census Tract
		1 point for location in a Qualified Census Tract with a Concerted Revitalization Plan; demonstrated through investment of public resources into capital improvements of residential, commercial, or infrastructure
		1 point for having a higher rate of non-white residents than comparable census tracts
		1 point for having a higher rate of people without high school degrees than comparable census tracts
		1 point for having a higher rate of renters than comparable census tracts
	OR -- Vulnerable Gentrification Area	**5 points**
Need and Opportunity Total		**17 points**
	Affirmative Fair Housing Marketing	1 point in Urban Areas and up to 2 points in Rural Areas for including analysis of underserved population demographics in determining outreach strategies
		1 point for including partnership with local service / referral agencies in reaching underserved populations and to build the Project wait list.
		Up to 2 points for using two or more referral and advertising methods.
		Up to 2 points in Urban Areas and 1 point in Rural Areas Referral and outreach organization partner is culturally responsive
		Up to 1 point for implementing low-barrier tenant screening
	Affirmative Fair Housing Marketing	**7 points**
	Resident Services	1 point in Urban Areas and up to 2 points in Rural Areas for comprehensive Resident Services Plan submitted; scaled needs to the target population

		1 point for incorporating asset building strategies into service delivery; including but not limited to IDA Program and financial planning where appropriate for target population or workforce training and eviction prevention where appropriate
		1 point for funding resident service staff or resources for referral agency
		1 point for including performance tracking and reporting of data
		Up to 3 points in Urban Areas and up to 2 points in Rural Areas Service provider is culturally responsive
	Resident Services	**7 points**
Partnerships Total		**14 points**
	Rents: Serving Lowest Income - AGMI	Up to 5 points for Rents serving the lowest AMI; scaled
	Serving Lowest Income - AGMI	**5 points**
	Serving Lowest Income - RA	Up to 3 points for having Project based rental assistance; scaled
	Serving Lowest Income - RA	**3 points**
	General IRS Section 42 Requirements	1 point for: Intended for **eventual tenant ownership.**
		1 point for: Projects that demonstrate comprehensive deployment of **energy efficient** beyond the element required by the Project Development Manual (PDM).
		1 point for: Application for Projects that demonstrates evidence of **historic value for the community**, including Projects using the federal Historic Tax Credit (HTC) as part of the Project financing, and are; Listed, or have been determined eligible for listing, in the National Register of Historic Places administered by the U.S. Department of the Interior in accordance with the National Historic Preservation Act of 1996; or Located in a registered historic district and certified by the Secretary of the U.S. Department of the Interior as being of historic significance to that district.

		1 point for: Projects with supporting documentation from a local Housing Authority that an establish **commitment to market the unit to their wait list** is in place at the time of the application due date.
	General Federal Preferences	**4 points**
Federal Preferences		**12 points**
	Federal Subsidy Leverage	Up to 2 points: Committed leverage of HOME and/or CDBG Funds; in Balance of State Projects with the acceptance of HOME as gap funding source is included in application for funds; this also includes those Projects in Participating Jurisdictions that also award Tax Increment Financing (or another OHCS approved place-based economic development funds) that are awarded by Participating Jurisdictions in lieu of HOME for gap funding sources.
		Up to 2 points: Use of National Housing Trust Funds to fund 30% AMI
	Federal Subsidy Leverage	**4 points**
	Cost Effectiveness	Up to 1 point: Total Development Cost, excluding acquisition costs, per bedroom that are in the lowest third of the applicants in the set-aside or regional pool. Projects competing in the same allocation round region will be grouped together based on building type to determine the average per bedroom total cost per unit basis and tax credit per bedroom (only counting bedrooms in Program assisted units according to following).
	Cost Effectiveness	**1 point**
	LIHTC Effectiveness	Up to 3 points: Total LIHTC per bedroom. Projects competing in the same allocation round region will be grouped together to determine the average per bedroom total cost per unit basis and tax credit per bedroom (only counting bedrooms in Program assisted units according to following); points will be attributed based on relative LIHTC subsidy per bedroom.
	LIHTC Effectiveness	**3 points**
Funding Efficiency Total		**8 points**

		up to 5 points: Development pro forma review a. Pro forma includes only realistic and available resources on the Sources of Funding. Capital fundraising campaigns are not considered realistic and available resources. Any inclusion of resources that are unrealistic or unavailable will result in a score of minus five (-5) points in this category. b. Explanation of how the development budget will still be valid at the start of construction. c. Relocation Plan completed if warranted and aligns to development budget. d. Developer Fee is within the OHCS maximum allowable. e. If Uniform Relocation Act (URA), the budget line item accurately reflects the Project cost based on the sufficient Relocation Plan. f. If Commercial Real Estate is included in the Project, Sources and Uses are provided on a separate pro forma page.
	Financial Viability	Up to 5 points: Operating pro forma review a. Affordable rents at least ten percent (10%) below estimated market rents. b. Debt coverage ratio is a minimum of 1.15:1 for hard amortizing debt or as adequately explained. When utilizing OAHTC funds, the minimum debt coverage ratio is required to be met after the OAHTC pass through is applied. c. Cash flow within OHCS guidelines or adequately explained (1.30 or below, unless adequately explained or declining cash flows require a higher debt coverage). d. Vacancy rate at seven percent (7%) or adequately explained if different. e. Submitted reserves for replacement analysis and included adequate amount for replacement items in pro forma. f. Income inflation factor is less than expenses inflation factor. g. In a mixed use Project, no commercial income may be used to support the low-income residential Project
	Financial Viability	**10 points**

	Readiness to Proceed	Up to 2 points: Funding commitment for planned Project funds.
		1 point: If funding commitment is pending (aside from Rural Development); explanation of when other sources of funds will be available to the Project if not already committed is reasonable.
		1 point: Demonstrated ability to begin construction within 12 months.
		1 point: Proposed Project schedule appears adequate and reasonable.
		1 point: Explanation of why Project must be funded now as opposed to future NOFAs is reasonable.
	Readiness to Proceed	**6 points**
Project Readiness Total		**16 points**
	MWESB Capacity	Up to 4 points: Plans to engage MWESB * All Applicants will be required to identify ways and/or targets that they will utilize to 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 their efforts to contract with MWESB contractors/subcontractors, using state registry, in their final application prior to the issuance of the Form 8609.
	MWESB Capacity	**4 points**
	Development Team Experience	Up to 2 points: General Partner or Development Consultant with successful LIHTC Projects that have received 8609s within the last 10 years on at least 2 Projects.
		1 point: General Partner with successful LIHTC Projects that have received 8609s within the last 10 years on 3 or more Projects.
		negative 1 point: General Partner that has been removed from a partnership or faced foreclosure proceedings.
	Development Team Capacity	**3 points**

	Performance	Up to 2 points: OHCS Portfolio Compliance Criteria i. Most recent Real Estate Assessment Center (REAC) score. ii. Most recent Physical Review. iii. Most recent File Review. iv. Most recent Resident Services Review. v. Most recent Response Review. vi. Certification of Continuing Program Compliance (CCPC) submission received for current year shows compliance; vii. Ongoing compliance issues.
		Up to 3 points: OHCS Portfolio Viability Criteria i. Financial submission as requested. ii. Most recent financial audit is closed. iii. Most recent audited financials Debt Coverage Ratio. iv. Asset management community evaluation completed satisfactorily.
	Performance	**5 points**
	Development History	negative 5 points: Prior poor development performance; negative points to development teams that have had documented material changes from Project application that received a funding reservation to placed in service.
Development Team Capacity Total		**12 points**
Total Points Available		**93 points**

Preservation Scoring:

	Scoring topic	Scoring Criteria: Preservation
	Expiration date	up to 20 points for Projects preserving rental subsidies in rural and urban areas due to expire, or have RD mortgages mature, within 36 months from the due date of application. Applicants must submit supporting documentation that clearly demonstrates the rent assistance loss within 36 months. Up to 10 points for Projects with expirations, or mortgage maturity, within 60 months.
Risk of Expiration Total		**20 points**
	Vulnerable Tenant Displacement	up to 5 points, scaled scoring, for the percentage of the Project occupied by vulnerable population (frail elderly, disabled, large families, special needs populations, service dependent) who would face hardships from relocation
	Extremely Low Income	up to 5 points, scaled scoring, for the percentage of the Project occupied by households earning 30% AMI or less
	Percentage of Rent Assisted Units	up to 5 points, scaled scoring, for the percentage of the Project with Project based rent assistance
	Tenant Protections	up to 3 points: If federal rent subsidy expires, change of use requires relocation. Enhanced Vouchers issued only for the residents under the Section 8 contract - no EVs for HUD maturing mortgages. Limited vouchers issued for RD prepayments.
	Voucher Utilization	up to 3 points: High voucher turn back, porting rate or likelihood of relocating more than 20 miles.
Tenant Impact Total		**21 points**
	Rent Escalation	up to 2 points: Market rent escalation higher than comparable counties in region
	Vacancy	up to 1 point: Zip code vacancy rate of market Projects (different urban and rural criteria)
Need & Opportunity		**3 points**

	Resident Services	up to 1 point in Urban Areas and 2 points in Rural Areas: Comprehensive Resident Services Plan submitted; scaled needs to the target population
		1 point: Includes resident surveys for ongoing monitoring of needs
		1 point: Includes funded resident service staff or resources for referral agency
		1 point: Includes performance tracking and reporting of data
		up to 3 points in Urban Areas and 2 points in Rural Areas: Service provider is culturally responsive
Partnerships		**7 points**
	Serving Lowest Income	Up to 5 points for Average Gross Median Income of tenants; scaled scoring
	General: Tenant Ownership	1 point: Intended for **eventual tenant ownership.**
	General: Energy Efficiency	1 point: Projects that demonstrate comprehensive deployment of **energy efficient** beyond the element required by the Project Development Manual (PDM).
	General: Historic Investments	1 point: Application for Projects that demonstrates evidence of **historic value for the community**, including Projects using the federal Historic Tax Credit (HTC) as part of the Project financing, and are; Listed, or have been determined eligible for listing, in the National Register of Historic Places administered by the U.S. Department of the Interior in accordance with the National Historic Preservation Act of 1996; or Located in a registered historic district and certified by the Secretary of the U.S. Department of the Interior as being of historic significance to that district.
	General: Marketing to Public Housing	1 point: Projects with supporting documentation from a local Housing Authority that an establish **commitment to market the unit to their wait list** is in place at the time of the application due date.
Federal Preferences		**9 points**

	Federal Subsidy Leverage	Up to 2 points: Committed leverage of HOME and/or CDBG Funds; in Balance of State Projects with the acceptance of HOME as gap funding source is included in application for funds; this also includes those Projects in Participating Jurisdictions that also award Tax Increment Financing (or another OHCS approved place-based economic development funds) that are awarded by Participating Jurisdictions in lieu of HOME for gap funding sources.
	Federal Subsidy Leverage	Up to 2 points: Use of National Housing Trust Funds to fund 30% AMI; or the addition of new federal rent assisted units
	Cost Effectiveness	Up to 1 point: Total Development Cost, excluding acquisition costs, per bedroom that are in the lowest third of the Applicants in the set-aside or regional pool. Projects competing in the same allocation round region will be grouped together based on building type to determine the average per bedroom total cost per unit basis and tax credit per bedroom (only counting bedrooms in Program assisted units according to following).
	LIHTC Effectiveness	Up to 3 points, scaled scoring, for Total LIHTC per bedroom. Projects competing in the same allocation round region will be grouped together to determine the average per bedroom total cost per unit basis and tax credit per bedroom (only counting bedrooms in Program assisted units according to following).
Funding Efficiency Total		**8 points**

		up to 5 points: Development pro forma review a. Pro forma includes only realistic and available resources on the Sources of Funding. Capital fundraising campaigns are not considered realistic and available resources. Any inclusion of resources that are unrealistic or unavailable will result in a score of minus five (-5) points in this category. b. Explanation of how the development budget will still be valid at the start of construction. c. Relocation Plan completed if warranted and aligns to development budget. d. Developer Fee is within the OHCS maximum allowable. e. If Uniform Relocation Act (URA), the budget line item accurately reflects the Project cost based on the sufficient Relocation Plan. f. If Commercial Real Estate is included in the Project, Sources and Uses are provided on a separate pro forma page.
	Financial Viability	up to 5 points: Operating pro forma review a. Affordable rents at least ten percent (10%) below estimated market rents. b. Debt coverage ratio is a minimum of 1.15:1 for hard amortizing debt, or as adequately explained. When utilizing OAHTC funds, the minimum debt coverage ratio is required to be met after the OAHTC pass through is applied. c. Cash flow within OHCS guidelines or adequately explained (1.30 or below, unless adequately explained or declining cash flows require a higher debt coverage). d. Vacancy rate at seven percent (7%) or adequately explained if different. e. Submitted reserves for replacement analysis and included adequate amount for replacement items in pro forma. f. Income inflation factor is less than expenses inflation factor. g. In a mixed use Project, no commercial income may be used to support the low-income residential Project

	Readiness to Proceed	up to 2 points: Funding commitment for planned Project funds.
		1 point: If funding commitment is pending (aside from Rural Development); explanation of when other sources of funds will be available to the Project if not already committed is reasonable.
		1 point: Demonstrated ability to begin construction within 12 months.
		1 point: Proposed Project schedule appears adequate and reasonable.
		1 point: Explanation of why Project must be funded now as opposed to future NOFAs is reasonable.
Project Readiness Total		**16 points**
	MWESB Capacity	up to 4 points, scaled: Plans to engage MWESB * All Applicants will be required to identify ways and/or targets that they will utilize to 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 their efforts to contract with MWESB contractors/subcontractors, using state registry, in their final application prior to the issuance of the Form 8609.
	Development Team Experience	up to 3 points: General Partner or Development Consultant with successful LIHTC Projects that have received 8609s within the last 10 years on 1-2 Projects.
		up to 2 points: General Partner with successful LIHTC Projects that have received 8609s within the last 10 years on 3 or more Projects.
		negative 1 point: General Partner that has been removed from a partnership or faced foreclosure proceedings.

	Performance	up to 2 points: OHCS Portfolio Compliance Criteria i. Most recent Real Estate Assessment Center (REAC) score. ii. Most recent Physical Review. iii. Most recent File Review. iv. Most recent Resident Services Review. v. Most recent Response Review. vi. Certification of Continuing Program Compliance (CCPC) submission received for current year shows compliance; vii. Ongoing compliance issues.
		up to 3 points: OHCS Portfolio Viability Criteria i. Financial submission as requested. ii. Most recent financial audit is closed. iii. Most recent audited financials Debt Coverage Ratio. iv. Asset management community evaluation completed satisfactorily.
Development Team Capacity Total		**14 points**
	Development History	negative 5 points: Prior poor development performance; negative points to development teams that have had documented material changes from Project application that received a funding reservation to placed in service.
	Federally Declared Disaster Areas	In consultation with the Oregon Housing Stability Council, up to 5 points may be allocated to projects located in Federally Declared Disaster Areas that have had a wide-ranging impact on housing supply.
Total Points Available		**103 points**

LIHTC Requirements and Processes

LIHTC Reservation

(i) **Requirements for Reservation**: Those Projects selected by OHCS as a Recipient of LIHTCs will be issued a LIHTC Reservation, Carryover Allocation, and Form 8609 only if they meet the requirements set out in OHCS's documentation. OHCS 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 OHCS.

(ii) **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. OHCS may reallocate 9% LIHTCs. OHCS will require each Applicant that has received a LIHTC Reservation to demonstrate the Project is making satisfactory progress towards completion through regular progress reports.

(iii) **No Representation or Warranty**: Issuance of an OHCS 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 OHCS resources are subject to various state and federal regulations governing the specific Program from which they are obtained, and Applicants are responsible for the determination of their Project's eligibility and compliance consistent with all Project Requirements.

(iv) **Determination of LIHTC Allocation Authority Year**: When making a Reservation of LIHTC, OHCS reserves the right to make an Allocation of a future year's credit ceiling (Forward Allocation). Such Allocation(s) may be full or partial for the Project(s). The applicable QAP will be the plan in place for the earliest funding cycle in which an award of funds is received.

Carryover Allocation Requirements

(i) **9% LIHTC Carryover Allocation Agreement**: 9% LIHTC 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 the Project is placed-in-service. All LIHTC Carryover Allocations will be made on a per 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.

(ii) **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 OHCS that it has incurred more than ten percent (10%) of the reasonably expected basis of the Project by certifying to OHCS that it has fulfilled this requirement and by 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.

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

Exchange of 9% Credit Award for Subsequent Year's Credit Allocation

(i) **Request Process**: 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 QAP. OHCS 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 OHCS, and as such the Applicant has a one (1) time option to return its Allocation to OHCS, as follows:

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 2020 awarded Project that receives a forward reservation of 2021 tax credits of the exact same amount can transfer if requested by March 31, 2020, to get an allocation of 2021 credits. This is necessary if the Project will not be placed in service by December 31, 2020 and needs to wait to place in service until the end of 2021.

After LIHTCs have been returned, an Applicant may apply for additional LIHTCs.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 OHCS); OHCS must have a Project to which it can award current-year LIHTCs.

Considerations

Reservation of Rights

(i) Project/Request Denial OHCS, in its sole discretion, may reject an Application where the Applicant, Owner, Principal, or other Participant with respect to the proposed Project, previously has done any of the following:

a. Failed to complete Projects in accordance with requests or certified plans presented to OHCS or other public or private allocating agencies.
b. Failed to complete a 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 OHCS or other public or private Allocating Agency Project monitoring and missed the cure time deadline given in writing.
e. Been debarred or otherwise sanctioned by OHCS 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 OHCS requirements.

OHCS reserves the right to disapprove any 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. OHCS may impose additional conditions on Project Applicants for any Project as part of the Application, Reservation or Allocation processes.

Documentation of Discretion

OHCS may, at its sole discretion, award credits in a manner not in accordance with the requirements of the QAP. If any provision of this QAP (and documents included herein by reference) is inconsistent with the provisions of any current or amended IRC Section 42,

corresponding Treasury Regulations, and applicable IRS guidance, or any existing or new State Laws or State Administrative Rules governing the LIHTC Program, the provisions of IRC Section 42, corresponding Treasury Regulations, and applicable IRS guidance, State Laws or State Administrative Rules take precedence over the QAP.

Policy on Exceptions/Waiver Requests

All OHCS policies other than those mandated by Section 42 of the Code are considered as guidelines and may be waived by OHCS, in its sole discretion. A written request for a waiver or exception, accompanied by justification, may be submitted to OHCS. QAP waivers will be documented for all 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 Projects recommended for funding may identify and explain waivers granted for any Projects listed.

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

If OHCS 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 OHCS 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 OHCS Program Manuals, or any other Program Requirement will be binding upon OHCS unless it is in writing, signed by an authorized agent of OHCS, and consistent with law.

Partial Invalidity

If any provision of this QAP, or the application of this Plan to any person or 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.

Disclaimer

Issuance of a LIHTC reservation pursuant to a Reservation and Extended Use Agreement, a LIHTC Carryover Allocation (Carryover) or placed in service allocation as indicated by OHCS or the IRS Form 8609 by OHCS, 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 conclusion with respect to any matter of federal or state income tax law. All LIHTC allocations are subject to the IRS Code and corresponding Treasury Regulations governing the LIHTC Program, and Applicants are responsible for the determination of a Project's eligibility and compliance. If statements in this QAP are in conflict with the regulations set forth in Section 42 of the Code and corresponding Treasury Regulation, such as Code and regulations shall take precedence. While this QAP and the applicable NOFA governs OHCS's process of allocating LIHTC, Applicants may not rely upon this guide or OHCS's interpretations of the IRC requirements.

No executive, employee or agent of OHCS, 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 the State's LIHTC allocation, 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 qualifies for LIHTCs, or whether an investor may use the LIHTCs, or whether any Project is commercially feasible.

Violations

OHCS 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 OHCS; OHCS determines the Applicant or other Program participant made a material misrepresentation, directly or by omission; OHCS 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 OHCS.

OHCS will have no duty, obligation, or liability to the Applicant, the lender, the tax credit investor, or other related Program participant for exercising such remedies. Applicant and related Program participants, including lenders and tax credit equity investors, expressly waive

any claims, causes of action or other remedies against OHCS 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.

Remedies

In the event of any failure to adhere to the terms of this Plan, including as described above in the Violation section, OHCS 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 OHCS resources.
(iii) Debarment of person or entity from accessing OHCS 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, OHCS 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.

No Third-Party Liability: Nothing in the Program Requirements is intended, or shall be construed, to create a duty or obligation of OHCS 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. OHCS 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.

Effective Date

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

Appendices

Appendix 1: Underwriting Criteria

Appendix 2: Future Changes to the 2020-2021 Allocation Plan

Appendix 3: Public Comments and Responses

Appendix 1 – Underwriting Standards

Program Limits:

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

i. 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 the 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.

ii. Maximum Developer Fees

OHCS will consider Developer Fees, as specified in the table below; calculated as the Developer Fee plus Consultant Fees divided by the Total Project cost minus Acquisition, Developer Fee, Consultant Fees and Capitalized Reserves

$$\frac{\text{Developer Fee } \textbf{PLUS} \text{ Consultant Fee}}{\text{Total Project Cost } \textbf{MINUS} \text{ Acquisition, Developer Fee, Consultant Fee, Capitalized Reserves}}$$

Project Size	9% LIHTC New Construction	9% LIHTC Acquisition/ Rehab	4% LIHTC New Construction	4% LIHTC Acquisition/ Rehab
<31 Units	18%	20% + $4,000/unit OR + $5,500/unit for Preservation	20%	22% + $4,000/unit OR + $5,500/unit for Preservation
31-75 Units	16%	18% + $4,000/unit OR + $5,500/unit for Preservation	18%	20% + $4,000/unit OR + $5,500/unit for Preservation
76-100 Units	14%	16% + $4,000/unit OR + $5,500/unit for Preservation	16%	18% + $4,000/unit OR + $5,500/unit for Preservation
100+ Units	12%	14% + $4,000/unit OR + $5,500/unit for Preservation	14%	16% + $4,000/unit OR + $5,500/unit for Preservation

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 OHCS.

The Developer Fee 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 OHCS and will not be unreasonably withheld for justifiable increases in the scope of work, as long as the developer fee does not exceed OHCS's approved maximum developer fee. The fee presented in the Placed in Service documentation may not exceed the amount finalized at closing.

To be included in tax credit basis, it must be an eligible cost and 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 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.

iii. 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 Projects) to substantiate that any or all of the Projects revenue or costs are reasonable. OHCS will review against its portfolio and take into consideration input from lenders and investors.

iv. Maximum Contractor's Profit and Overhead

When the general contractor is a Principal, Related Party or otherwise has an Identity of Interest with the Applicant or Project Owner, OHCS 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.

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.

Financial Feasibility

i. Sources and Uses Statement:

The Applicant must submit the Sources and Uses statement with its Application or as otherwise required by OHCS**.** 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 Sources and Uses 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 Applicant's application may be deemed incomplete and removed from further processing.

Acquisition cost must be supported by an appraisal	
Construction Inflation Factor/Cost Escalator (applies to separate line item above and beyond construction bid)	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 six (6) month of operating expenses 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 Minimum guideline of $350 per unit per year, $300 for Senior Projects

ii. Operating Pro Forma:

The Applicant must submit with its Application an operating pro forma for the Project satisfactory to OHCS demonstrating financial feasibility and viability of the Project for a typical twenty (20) year permanent loan period. Different Programs may have different compliance periods and OHCS may require that the operating pro forma address relevant compliance periods. In addition, the 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 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 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 twenty (20) year operating pro forma for both the residential and commercial areas.
e. Such other information as OHCS 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, Applicant market assessment, a market study or an appraisal.
c. Such other information as OHCS may require.

The pro forma also must address the following industry benchmarks:

a. A vacancy rate 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.
d. Operating Reserves are generally six (6) months of operating expenses or lender / investor conditions.

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. Minimum Debt Coverage Ratio

The minimum Debt Coverage Ratio (DCR) will be 1.15:1 for all hard amortizing debt through the initial 20-year pro forma period. Projects with debt coverage ratio that exceed 1.30:1 may be eligible for less credit amount than calculated . Projects are underwritten on an individual basis in concert with the lenders to determine an appropriate DCR and perform subsidy layering.

iv. Debt Underwriting:

Many Projects require hard amortizing debt as one of the sources of funds. If there is hard amortizing debt, the proposed debt service coverage, and breakeven ratios must be in conformance with OHCS limits and industry norms noted previously. If there is no mortgage debt, then the pro forma must demonstrate a stable positive cash flow over 20 years.

Development Team Capacity

i. Previous Experience

The Applicant must demonstrate to the satisfaction of OHCS that the 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 Projects and Applications.
c. Successfully completed previous Projects for which a similar Program allocation was received in Oregon or other states.

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

Property Management Capacity

If the Applicant is going to employ a property manager with respect to the Project, the 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 development of a comparable number of housing units and/or of a similar complexity as the proposed Project; and
b. a multi-family assisted or subsidized housing development with local, state, and/or federal operating requirements comparable to those of the requested Program.

OHCS will review the change of/or initial implementation of all Management Agents including Owners who are proposing to manage properties as Owner. OHCS policy requires 60 days' notice prior to any change. The owner must submit the proposed new agent plan and qualifications to Asset Management & Compliance section of OHCS. OHCS will review the materials and approve, conditionally approve, or disapprove the proposed agent. Management agents and/or Owners responsible for LIHTC compliance must attend LIHTC training and receive a certification from a nationally recognized LIHTC compliance trainer. Any exceptions to this policy will be made solely at the discretion of OHCS.

Financial Capacity:

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

OHCS Sole Discretion

OHCS 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 OHCS funds must be brought to the attention of OHCS. OHCS may in its sole discretion re-underwrite the Project, which may result in all or a part of OHCS resources being recaptured or reduced by, or returned to, OHCS.

Project/Request Denial

OHCS may reject an Application where the Applicant, Owner, Principal, or other Participant with respect to the proposed Project, previously has:

a. Failed to complete Projects in accordance with requests or certified plans presented to OHCS or other public or private allocating agencies.
b. Failed to complete a 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 OHCS or other public or private Allocating Agency Project monitoring and missed the cure time deadline given in writing.
e. Been debarred or otherwise sanctioned by OHCS 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 OHCS requirements.

OHCS reserves the right to disapprove any 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. OHCS may impose additional conditions on Applicants for any Project as part of the Application, Reservation or Allocation processes.

Financial Solvency

As part of the Application and at such other times as required by OHCS, 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 OHCS.

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

i. Refuse to allow the Applicant or other participant to participate in the Tax Credit Program or other OHCS 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 OHCS).

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, failure to do so may result in a loss of Reservation.

Appendix 2: Future Changes to the 2020-2021 Allocation Plan

Without limiting the generality of OHCS's power and authority to administer, operate, and manage the allocation of Low Income Housing Tax Credits according to federal law, federal procedures and this Plan, OHCS shall make such determinations and decisions, publish administrative guidelines and rules, require the use of such forms, establish such procedures and otherwise administer, operate, and manage allocations of tax credits in such manner as may be, in OHCS's determination, necessary, desirable, or incident to its responsibilities as the administrator, operator, and manager of the State of Oregon's Low Income Housing Tax Credit Program.

Ongoing Areas of Emphasis During 2020-2021:
In addition, through the 2020-2021 QAP, OHCS intends to continue its emphasis on all the following matter related to the LIHTC program allocation process:

- The ongoing need to promote thoughtful and strategic efforts to affirmatively further fair housing in every community through a racial justice and equity lens;
- The ongoing need to produce more units for more permanent supportive housing opportunities for homeless families and individuals;
- The ongoing need to strictly prioritize preservation Projects, given constraints on resources; and
- The ongoing need to be responsive to the unique housing supply needs in rural communities.

The Ongoing Need to Promote Thoughtful and Strategic Efforts to Affirmatively Further Fair Housing in every community through a racial justice and equity lens:

Consistent with the crosscutting philosophies and priorities set by OHCS' five-year Statewide Housing Plan (2018), OHCS will continue to implement a balanced approach, but in evaluating Projects in low-income communities, will use an equity and racial justice lens to prioritize proposals in which housing development is demonstrably part of a larger effort to expand access to jobs, education, transportation and other amenities to enhance residents' access to opportunity.

OHCS has consistently sought to affirmatively further fair housing by prioritizing development of housing in communities in high opportunity areas, while maintaining a commitment to investment in low-income neighborhoods. A large body of research has established that low

income children's path to upward economic mobility in adulthood improve significantly if they move to a high opportunity area. OHCS will continue to refine and adapt our efforts to operationalize an equity and racial justice lens during 2020 and 2021 and into the foreseeable future to ensure that the interest of future generations of people of color are benefited by today's decision.

The ongoing need to produce more units for more permanent supportive housing (PSH) opportunities for homeless families and individuals:
A wide body of evidence supports the success of PSH in improving outcomes for those experiencing homelessness and reducing costs to public systems including health care, behavioral health, criminal justice, and emergency services, among others. In her agenda, Governor Brown prioritized addressing homelessness to make sure that every family has a safe place to sleep. Fundamental to this strategy is to invest in PSH for persons who are chronically homeless.

There is significant need in Oregon, as in so many other states, for housing for extremely low-income individuals and families, including those making the transition from homelessness. As part of the ongoing effort to end homelessness in Oregon, OHCS is committed to producing more permanent supportive housing units for these households, with an emphasis on housing with services included.

PSH is a priority not just for OHCS but for many local governments and affordable housing development and service provider partners as well. In outreach associated with developing this Plan, OHCS heard resounding support for the model and a desire for targeted funding for development and operation.

In particular, partners described a need for technical assistance to support successful PSH production and operations.

The ongoing need to strictly prioritize preservation Projects, given constraints on resources.
To encourage preservation applications, OHCS historically has included a preservation set-aside in its annual Qualified Allocation Plan. Consistent with past practice and with its ongoing commitment to preservation, OHCS will continue including a preservation set-aside in the 2020-2021 QAP and is strongly urging sponsors of preservation Projects to structure their applications as tax-exempt bond transactions using 4% credits. The need for preservation funding in Oregon is great and only increasing. A comprehensive preservation strategy plan is needed in order to:

- Avert a catastrophic loss of subsided low-income housing units;

- Prevent the resulting displacement of thousands of low-income tenants, including seniors, people with disabilities, and families with children, in a housing market that lacks the capacity to absorb them; and
- Ensure that the preservation properties remain available as a long-term affordable housing resource for very-low and low-income Oregonians.

Although, the bulk of Project-based Section 8 properties are in urban and suburban areas, Oregon has additional "expiring use" units in its Rural Development Project. This is truly a statewide issue, and OHCS's goal is to preserve both urban and rural properties.

We will engage our federal, state and local housing preservation partners in informing this plan to ensure critical funding dollars are made available. OHCS will be pursuing the creation of an overall preservation strategy in 2020 and 2021 and use that strategy's implementation to advise any future revisions to the use of 9% LIHTC for preservation efforts.

The ongoing need to be responsive to the unique housing supply needs in rural communities. While there is widespread acknowledgement of the housing needs of small towns and rural communities are unique. Building new housing in rural communities is a formidable challenge, key issues include: land availability and appropriate land use regulations; High costs, low rents; and limited financial tools to bridge the cost of development for most rural. Oregon localities.

The Governor recognizes and acknowledges that OHCS may encounter situations that have not been foreseen or provided for in this Plan and expressly delegates to OHCS the authority to amend the Plan, after the public has had the opportunity to comment through the public hearing process, and to administer, operate, and manage allocations of tax credits in all situations and circumstances, including, without limiting the generality of the foregoing, the power and authority to control and establish procedures for controlling any misuse or abuses of the tax credit allocation system and the power and authority to resolve conflicts, inconsistencies or ambiguities, if any, in this Plan or which may arise in administering, operating, or managing the Low Income Housing Tax Credit Program.

The Governor further expressly delegates to OHCS the ability to amend this Plan to ensure compliance with federal law and regulations as such federal law may be amended and as federal regulations are promulgated governing tax credits.

Appendix 3: Public Comments and Responses

PUBLIC COMMENT AND OHCS RESPONSES:

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CITY OF HOOD RIVER

211 2nd Street, Hood River, OR 97031 Phone: 541-386-1488

September 23, 2019

Tai Dunson-Strane
Oregon Housing and Community Services;
725 Summer Street NE, Suite
Salem, OR 97301-1266

Dear Oregon Housing and Community Services,

Please consider the following comments as it relates to OHCS's Qualified Allocation Plan:

1.) Census data used to determine 'rent burden' includes a specific data set for 'gross rent paid'. Per census definition, housing units that are renter occupied without payment of rent are shown separately as "No rent paid." The unit may be owned by friends or relatives who live elsewhere and who allow occupancy without charge. Rent-free houses or apartments may be provided to compensate caretakers, ministers, tenant farmers, sharecroppers, or others. Gross rent is the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, kerosene, wood, etc.) if these are paid by the renter (or paid for the renter by someone else). Gross rent is intended to eliminate differentials that result from varying practices with respect to the inclusion of utilities and fuels as part of the rental payment.

   Agricultural areas, as well as in rural communities with significant amount of 2nd homes or vacation rentals, could be disproportionately and negatively impacted by the rent burden indicator due to this 'no rent paid' anomaly. What is the trend for rural communities and how many renter households are identified as 'no rent paid'?

2.) The QAP does not prioritize investment in rural communities that have extreme land constraints, limited multifamily zoned land and inability to expand the urban growth boundary (even with HB 4079 in play at the State). Those rural communities surrounded by federally protected lands or significant key natural features should receive priority with their investment proposal.

3.) By prioritizing population growth rates in the QAP it is leaving behind rural communities that have been or are being gentrified. Rural communities where low income households are not able to reside because of extreme housing costs are at a competitive disadvantage for investment when, in reality, they are an opportunity area that should be receiving important affordable housing investments. These communities often include good schools, good jobs and good access to services.

4.) The list of acceptable resources considered for 'Local Leverage' in Balance of State should not be limited to the State's HOME program funding. At a minimum the definition of local leverage should be broadened to include those investments that are truly local leverage (i.e. Construction Excise Tax, Urban Renewal, Regional Solutions, CCO flex spending, etc.).

5.) High cost areas. QAP should prioritize investment in rural communities with high housing costs. For example, prioritize investments in rural communities via the indicator of 'work hours per week at mean renter wage' instead of relying on rent burdened communities as defined by the Census data.

Thank you in advance for your thorough and thoughtful review of our comments.

Sincerely,
Mark Zanmiller
Council President, City of Hood River

From: Travis Phillips <TPhillips@CCOregon.org>
Sent: Friday, September 20, 2019 10:11 AM
To: Hcs_QAP * HCS
Cc: DUNSON-STRANE Tai * HCS; Brian Hoop
Subject: QAP/NOFA Feedback

Dear OHCS QAP Team,

In addition to Housing Oregon's feedback you've already received about specific areas of the QAP, I wanted to provide additional follow up on behalf of Housing Oregon regarding specific timing considerations communicated recently by OHCS. As you have likely already heard, the nonprofit members of Housing Oregon are excited to see the variety and quantity of resources being deployed by Oregon Housing and Community Services. We appreciate the mindful outreach about the QAP update, as well as the communication and notice in partner calls and in Housing Stability Council meetings regarding plans to make these resources available.

One area of concern, however, is about some of the timing which was announced in these calls and meetings. Specifically, it was communicated that Notices of Funding Availability were expected to be open in January for both 9%/HOME and LIFT (multifamily and homeownership) resources. While there is some benefit in not having ongoing application rounds throughout the year, holding concurrent or combined applications for two major funding options has the potential to add cost to projects, create unnecessary delays, and can stress the development community unnecessarily. While it seems impractical to change schedules that have already been announced for January 2020, it is our recommendation that 9%/HOME and LIFT applications be uncoupled and offered sequentially in future offerings.

As you know, preparing responses to funding applications requires intensive, specialized, and time sensitive focus. While Oregon's nonprofit developers possess and continue to build valuable capacity to deliver on our state's housing needs, application schedules and deadlines create a unique, if temporary, strain on development teams, including consultants and partners who support multiple clients statewide. Once projects have a clear financial path, nonprofit development teams and consultants throughout Oregon are well-positioned to deliver the new housing OHCS' resources (and other federal and local resources) will support. Organizations routinely manage capacity concerns by sequencing projects or through additional staff and consultants when justified to successfully advance projects.

We would also like to note that holding funding applications concurrently complicates the opportunity to apply for a second funding source (often LIFT) if an initial application (9% LIHTC) is not successful. If both funding sources are available at the same time, teams would either have to submit for both at the same time, which creates potentially unnecessary work for both development teams and OHCS reviewers or endure a long time gap between funding cycles. This time gap will likely result in higher costs due to construction escalation, re-issuance of reports, and other factors.

To reiterate, it is our recommendation that 9%/HOME and LIFT applications be uncoupled, and be offered sequentially. We hope you will take this recommendation into consideration as you schedule future NOFAs. We welcome any questions or feedback as well.

Best,
Travis Phillips
Housing Oregon Board Secretary
Co-Chair, Housing Oregon Portland Metro Policy Council

From: Hudson, Rebecca <Hudson.Rebecca@epa.gov>
Sent: Thursday, October 3, 2019 12:29 PM
To: DUNSON-STRANE Tai * HCS
Cc: MFNC@energystar.gov
Subject: ENERGY STAR Recognition in 2019 QAP
Attachments: ENERGY STAR Affordable Overview.pdf

Dear Tai,

On behalf of the U.S. Environmental Protection Agency (EPA), I am writing to share information about ENERGY STAR certification opportunities for multifamily construction. ENERGY STAR offers a credible certification pathway for multifamily buildings to demonstrate above-code energy performance. **By recognizing energy efficiency programs, like ENERGY STAR, in the Housing Credit Qualified Allocation Plan and Project Development Manual, Oregon Housing and Community Services can be reassured that funded buildings will not only be higher-performing, but also offer key benefits to residents, like increased comfort, durability, and improved indoor air quality.** More than 99,000 ENERGY STAR certified single-family homes and multifamily units were built in 2018 alone, for a total of over 2 million homes since 1995.

ENERGY STAR can be achieved independently or in conjunction with multi-attribute green building certification programs, like Enterprise Green Communities and LEED. In fact, ENERGY STAR certification is a pathway within these green rating systems. By recognizing ENERGY STAR specifically in the next QAP, Oregon Department of Housing and Community Affairs would offer flexibility for developers while still ensuring verified performance of buildings within the agency's portfolio. Please review the attached for a detailed overview of ENERGY STAR and its alignment with other green building programs.

EPA's ENERGY STAR team can be your trusted advisor on energy efficiency. Our team members are happy to discuss any of the above details and provide additional training and resources, either for your staff or developer partners, to increase understanding of program requirements and the benefits of participation. Please do not hesitate to contact me by email or phone (202-343-9862) to discuss further.

Sincerely,

Rebecca Hudson
EPA Residential Branch
202-343-9862
hudson.rebecca@epa.gov

October 7, 2019

Tai Dunson-Strane
Tax Credits Program Manager
Oregon Housing and Community Services
725 Summer Street NE, Suite B
Salem, OR 97301-1266

Dear Mr. Dunson-Strane,

Thank you for the opportunity to comment on the DRAFT Proposed Qualified Allocation Plan released on September 6, 2019. Below please find our questions and comments that we hope can be clarified and/or incorporated into the final version. Please note that these comments include our responses to the reply we received from you on October 1st to initial feedback we provided OHCS in late August.

Scoring Questions & Clarifications:

- PSH:
  - Please clarify that PSH could be for individuals or families, as long as residents meet the definition of chronically homeless'
  - We realize and appreciate that OHCS already allows and will continue to allow Resident Services in the operating budget. However, Service Funding for PSH is not the same as Resident Services funding; supportive services are intended to serve an individual household, while resident services are designed to meet the needs of the entire building community. For projects that commit to PSH units the Supportive Services required for PSH should also be allowed as an operating expense above the line, to ensure that the services are *available and maintained* for the most vulnerable residents.
    - Perhaps OHCS could allow a certain amount of service funding within the operating budget, then award applicants who go above and beyond with a point here.

- Location Need Data:
  - Point should be for <u>low</u> market vacancy, not high
  - By keeping the same location-based metrics, (vacancy, rent escalation) this does not capture the regional nature of housing costs – high vacancy in one city may actually demonstrate a lack of affordability, as rents are too high for area residents' incomes.
    - An unintended impact of maintaining these criteria is that cities with lack of affordable housing continue to be scored low, which continues / promotes gentrification and income inequality.
  - Opportunity / Vulnerable to Gentrification Area: what is the definition of 'comparable census tract'? Where does data come from?

- Federal Subsidy Leverage:
  - Recommend that this point expand to include a commitment of any local funds in BOS, apart from state HOME funds. This would support OHCS's focus on efficient use of state resources; and align with incentivizing useful partnerships and support.

- Cost Effectiveness:
  - Will OHCS require teams to present the same TDC at pre-app and NOFA app? If not, there is a big risk of teams 'low balling' costs after the pre-app and before NOFA submittal in order to be most competitive
  - Land costs vary extremely from project to project – can Acquisition be excluded from TDC for scoring?

- Financial Viability:
  - Recommend not providing specific financial metrics (i.e, DCR of 1.15) in this scoring section, or at least referencing 'or adequately explained' to all criteria
  - Operating proforma review criterion e is: "Submitted reserves for replacement analysis and included adequate amount for replacement items in pro forma." Therefore, is a replacement reserve schedule required? In the past, not for new construction.

- Project Readiness:
  - Awarding one point for construction start within 12 months is not useful, as all projects are already held to the 240-day (from award) window, which is effectively the same as 12 months from NOFA application.
  - At the same time, OHCS also acknowledges that the 240-day window is not realistic for most projects and allows for extensions "where there are project factors that would require doing so." Would OHCS hold projects that compete for this 12-month point to a more rigid schedule standard?

- Development Team Experience:
  - Is Consultant intentionally left out of +1 point for 3 projects in 10 years? (Consultant is included in the point for 2 projects in last 10 years)

- Development History:
  - The current definition of **material change, found on QAP page 17, line 6 – 22,** is hugely broad and would put almost all projects at risk of losing points. Most projects have changes in budget, design, etc. and this does not affect the success of project.
  - Recommend removing these negative points.

General Questions & Comments:

- Regions: what metrics / definitions were used to develop the list of cities in 'BOS urban'?

- Regarding the SHP priorities, racial equity appears to be treated differently than others. PSH and Rural are very clearly represented and have their own scoring while equity seems to be addressed only in the context of MWESB and the new Tribal set aside.

- Beyond MWESB scoring, how is OHCS assessing and prioritizing racial equity within the QAP / NOFAs?

- MWESB - can this include Section 3 contractors, for projects that are using federal funds?

- What is OHCS's process for getting feedback from investors/lenders on appraisal requirements? And how can HDC be involved?
    - Regarding the statement that "OHCS does not maintain performance standards for appraisers", HDC assumes this is because there are FIRREA standards for appraisals. However, HDC's experience is that currently there are appraisers applying standards and referencing OHCS as the party making the requirements. Without clarity regarding the standards, there are real and negative impacts on acquisition rehab deals. How can OHCS and HDC work together to dispel the myth that OHCS has its own set of appraisal standards?

- What is OHCS's process for determining when the pre app is required? In general, we seek more clarity about the purpose and framework of that pre-app.

- Underwriting Standards: DCR of 1.15 for all hard debt for the initial 20-year proforma period is out of line with perm lender and investor requirements which typically only require 1.05 to 1.10 in year 20. Recommend that OHCS defer to the DCR requirements from lenders and investors; or at least add a sentence saying, "or whatever DCR is required by the lenders and investor."

Sincerely,

Andrea K. Sanchez
Director of Project Finance

Dear Mr. Dunson-Strane,

Thank you for the opportunity to comment on the proposed changes to the 2019 Qualified Allocation Plan.

We would like to provide some general comments on based on our experiences as an affordable housing developer operating in in rural communities in Douglas, Coos, Curry, Jackson, and Josephine Counties.

1) Permanent Supportive Housing Priority: We are pleased by the QAP's commitment to exploring new ways to fund this important housing model for the most vulnerable. That said, PSH work differently in rural communities. We have concerns on the limited extent to which Coordinated Entry has been developed in much of our service area, and we would appreciate the opportunity to discuss our role further. Further the ability of local supportive providers to be able to commit to providing comprehensive, wrap around services for the life of the project is unclear and untested.

2) We see there is a greater emphasis on "family sized units," three-bedroom and above. This seems to be inconsistent with the demographic trends we see in our area, where older households or small 2-4 person "starter" homes are more in-demand.

3) We are concerned about the decreased emphasis on using the 9% LIHTC funding for preservation, pushing preservation projects to the 4% credits, meaning they need to be bigger in the aggregate, which means multiple scattered site projects in our area, with more emphasis on debt carrying capacity and cost containment. This puts greater burden on rural developers.

Given the resource constraints in rural areas, and given that the 9% credit is often the only tool for preserving small-medium projects in rural areas, we propose that 100% of the preservation set aside be targeted to rural projects. We would appreciate hearing more about the proposed preservation strategy being developed, as this is one of our organization's increasing areas of focus as many existing portfolios in our service area reach year 15 and beyond.

4) One item of particular concern in our rural territory are the emphasis on minority and women-owned business, and we support the proposal to score rural areas on a different criteria from urban. Certified MWSBEs are nearly impossible to find. Many firms cite the onerous certification requirements as a barrier. Whether these are actual or perceived, the fact remains that this is barrier. We will need clarity from the State as to how we are to incorporate this requirement into our projects when these firms are not present in our service area. Local hire, and preferencing locally based firms has more benefit in our area.

5) Finally, we noted a greater emphasis on projects that demonstrate a high degree of readiness to proceed. This will mean needing a greater investment of predevelopment funds and staff capacity. Without an investment in predevelopment capital and capacity, smaller developers looking at projects in smaller rural communities will be at a disadvantage.

Brian Shelton-Kelley
Director of Acquisitions and Development | NeighborWorks Umpqua
605 SE Kane Street, Roseburg, OR 97470 | 541-671-5867

September 24, 2019

Tai Dunson-Strane
Oregon Housing and Community Services
725 Summer St NE Suite B
Salem, OR 97301-1266

Re: Proposed 2019 QAP Comment Letter

Dear Mr. Dunson-Strane,

On behalf of the National Housing and Rehabilitation Association (NH&RA), I am writing to provide comments on Oregon Housing and Community Services' (OHCS) Proposed 2019 Qualified Allocation Plan (QAP). NH&RA appreciates the opportunity to provide comments regarding projects financed using the four percent Low-Income Housing Tax Credit (LIHTC or credit) and multifamily tax-exempt bonds.

Formed in 1971, NH&RA is a national trade association representing private and non-profit developers of multifamily affordable rental housing. Our members are active owners and developers of LIHTC, HUD-Assisted, USDA RD-515 and Public Housing Revitalization properties in Oregon and around the country. After extensive dialogue and analysis with multifamily bond developers and state housing finance agencies, earlier this year NH&RA developed our Multifamily Tax-Exempt Bond Toolkit (attached), which is designed to highlight policies and best practices that will increase the production and preservation of affordable housing through the four percent LIHTC. The toolkit highlights policy best practices adopted by housing credit allocating agencies (HCAAs) from around the country. It was our goal to design a resource that individual jurisdictions could review and select strategies and policies that best suit their communities and needs. The following comments and recommendations are drawn from this toolkit and tailored to address potential opportunities to expand resources and outcomes in OCHS' Proposed 2019 QAP.

1. Rolling Application Deadline for Four Percent Credits

NH&RA commends OCHS for reviewing four percent applications on a rolling basis. One of the most attractive features of the four percent LIHTC to developers is the speed of execution and relative certainty of the credit's availability. A rolling application deadline enables developers to take advantage of this program's defining feature. Application cycles make sense for the competitive nine percent credit, however, given the current velocity of sales of raw land and existing multifamily buildings, application cycles do not align well with the non-competitive four percent credit.

2. Inclusion of Income Averaging

NH&RA is pleased to see the Proposed 2019 QAP amended to include the Income Averaging minimum set-aside election approved by the U.S. Congress in March of 2018. This election will make it possible to cross subsidize 20 and 30 percent area median income (AMI) units with 70 and 80 percent AMI units. We caution the OCHS to critically evaluate the market studies and on-going compliance for the first set of income averaging properties. Our affiliate, the National Council of Housing Market Analysts (NCHMA)

is developing a white paper for best practices in select comparable properties for applicants that elect income averaging. We look forward to working with OCHS as it sets its own internal control mechanisms and regulations around income averaging.

3. Differentiating Criteria Between Four and Nine Percent Credits

NH&RA applauds OCHS for separating requirements for nine and four percent credits or limit four percent credits to threshold requirements. As Oregon has demonstrated, the four percent LIHTC can be a means to boost production and preservation of affordable housing and we encourage all HCAAs to limit four percent credit requirements to threshold requirements.

4. Policy Flexibility

OCHS' policy on exceptions / waiver requests is included in our Multifamily Tax-Exempt Bond Toolkit as a best practice. Developers benefit from flexible and transparent policies that are applied quickly and predictably. NH&RA believes QAPs should clearly give housing credit allocating agencies (HCAAs) the ability to waive non-statutory program requirements at their discretion to help facilitate more transactions and HCAAs should routinely publish all approved waivers so that others in the development community can be aware of agency policy and seek waiver approval. The Proposed 2019 QAP does both of those and serves as a national best practice.

5. Nine Percent LIHTC Restriction

NH&RA respectfully urges the OCHS to consider changing the period of time after which nine percent LIHTC properties can reapply for four or nine percent credits from 20 years to 15 years. We recognize that OCHS reserves the right to grant exemptions in cases of physical, affordability or other loss; however, NH&RA believes that many properties need earlier reinvestment to achieve long-term preservation and having greater certainty of execution will incentivize more preservation transactions.

6. Four Percent Basis Maximization

NH&RA urges OCHS to consider adopting a 20 to 25 percent flat developer fee for all four percent credit transactions rather than the current tiered approach[1]. The compelling financial attribute of the four percent LIHTC program is the "as of right" credits that come with meeting the Internal Revenue Code Section 142 requirements along with the threshold requirements set forth in a housing credit allocating agencies (HCAA's) QAP. While private activity bond volume cap is a limited resource, the credits associated with tax-exempt bond transactions are only limited by the amount of eligible basis. A flat developer fee for all four percent credit transactions would generate additional basis and reduce the need to leverage scarce soft resources that might be better used in other projects but for the availability of more LIHTC credits the project would have been eligible for under Section 42. If desired, a portion of the developer fee over a defined percentage could be required to be deferred.

[1] Kentucky, Ohio and Tennessee have all adopted developer fees of up to 25 percent for bond financed projects.

With respect to the adjustments suggested above, the Proposed 2019 QAP is exemplary to other HCAAs of how to make the most effective use of the four percent LIHTC program to effectively address the affordable housing needs for Oregonians.

Once again, NH&RA appreciates the opportunity to provide OHCS with this feedback. We would be happy to discuss any specifics you might have regarding these comments or other subjects of concern. Please feel free to contact me directly with any questions at 202-939-1753.

Sincerely,

Thom Amdur
President

cc: Julie Cody and Casey Baumann

Comments on OHCS Draft QAP
REACH Community Development
September 2019

Vulnerable Gentrification Area preference (from scoring sheet):
Opportunity Zone designation is a poor proxy for areas vulnerable to gentrification. Furthermore, including opportunity zone as part of the definition of "areas vulnerable to gentrification" could be working contrary to the racial equity priority of OHCS. For example, one neighborhood in Portland (Cully) successfully lobbied for census tracts in the neighborhood NOT to be selected as Opportunity Zones, on the basis that the neighborhood is particularly vulnerable to gentrification and displacement of communities of color. Some opportunity zones, such as downtown Portland, are already privileged (gentrified) zones and are only eligible as OZ areas due to a significant presence of regulated affordable housing. I believe inclusion of OZ as a criteria would be a significant mistake and would work against OHCS's racial equity priority. It is also unnecessary, as OHCS has identified four other appropriate proxies for vulnerability to gentrification that are well aligned with the racial equity priority.

PSH Point Preference (from scoring sheet):
The definition of Permanent Supportive Housing appears to be too narrow in the QAP Scoring framework -- specifically defining PSH as housing only for "chronic homeless". For Permanent Supportive Housing to be successful, it should be designed to support the broadest range of people impacted by homelessness. People impacted by chronic homelessness are certainly a high priority, but there are other types of homelessness that are also traumatic and should be included as part of the PSH preference in the QAP. The State of Washington, for example, has used a long-standing preference for Permanent Supportive Housing. In Washington, PSH preference is given to housing where 75% of the units are reserved for serving people impacted by homelessness, using the definition of homeless household found in the federal McKinney Homelessness Services Act. In non-Metro areas, this standard is reduced to 50% of units. The Washington experience has been very impressive, creating many units of housing to serve homeless households, including chronically homeless. Oregon should look closely at Washington's model and avoid creating a narrow definition that defines PSH only as serving "chronic homeless". Further, Oregon should consider federal definitions of PSH, such as the U.S. Interagency Council on Homelessness that defines Supportive Housing as "non-time-limited affordable housing assistance with wrap-around supportive services for people experiencing homelessness, as well as other people with disabilities."
https://www.usich.gov/solutions/housing/supportive-housing/

Appendix 1: MAXIMUM CONSTRUCTION CONTINGENCIES INCLUDED IN LIHTC DETERMINATION:
We respectfully request that OHCS reconsider limiting the new construction contingency to 5%. It continues to be difficult to underwrite our projects at that level and maintain that small contingency in a construction environment where labor and material costs continue to fluctuate before and during construction. It is 10% in other states, such as Washington State

(and where rehab contingency is 15%). A 10% construction contingency would match the rehabilitation contingency which also has its degree of unforeseen exposures like new construction. We continue to see an increase in the exposure of unforeseen circumstances on our projects, and it is imperative that OHCS consider a flexible amount of new construction contingency that enables us as a developer to manage construction costs provided, they still are under the cost containment limits.

Vacancy (from scoring sheet):

The use of vacancy rates for market rate projects does not seem like a relevant measure right now worthy of scoring, nor does the use of the zip code as the geographic measure for an area's market rate vacancy. Market rate rents are more than 10% higher than the affordable rents in our market and not a relevant comparison to our projects using CoStar data. We see an influx of these market rate projects, and while they are increasingly seeing more vacancies and thus a higher vacancy rate, the rents are not coming down to a point where these units will not burden low-income tenants. If the intent is to measure whether the market is providing affordable vacant units to low-income tenants, rents are still too high for them to be affordable and a relevant measure for scoring.

Other Comments:

Page 6: OHCS could broaden their definition for Preservation projects. For example, there are Unreinforced Masonry Buildings with long-term affordability commitments that do not currently meet the definition of Preservation, but will be subject to upgraded local building codes that will require significant repair to buildings well before end of affordability commitment period. Consider adding to definition – buildings where repairs are required by local building codes.

Page 13: Failure to close within 240 days of reservation period: This timeline, while frequently met, seems too short to account for the rare delays based on factors beyond developer control. State of Washington QAP does not have a timeline to closing, but rather requires that the project "has incurred more than ten percent (10%) of the reasonably expected basis" within 12 months. This seems more flexible and reasonable.

Page 17: Cost Savings Clause: OHCS should reevaluate how cost savings are allocated because currently, there is no incentive for contractors to try to come in under budget. Some states include cost containment priorities in scoring methodology for example.

Cost efficiency considerations: Cost/unit & cost/BR favors more efficient projects while cost/SF typically favors project with more square foot, larger bedrooms, and more common space so it is almost impossible to compare apples to apples here. Recommend using cost/BR. OHCS could establish the metric since they have final costs for all projects. This could be separated into categories like offsite work, site work, residential building, commercial building and soft costs and explanations for each if they are over the cost/unit for that specific building type.

October 7, 2019
Oregon Housing and Community Services
HCS.QAP@oregon.gov
Attn: Tai Dunson-Strane

RE: QAP Public Comment

Dear Tai,

Thank you for the opportunity for public comment on the draft Qualified Application Plan. Overall the QAP changes do reflect the conversations I've participated in across the state.

I have outlined the items that I would like for OHCS to consider when finalizing the QAP.

Page 7, Set-Asides reduction to 25% for preservation over last QAP and encouragement to use the 4% for preservation. The preservation of existing affordable housing is a critical component to ensure we create more affordable housing over time in Oregon. I'm comfortable with this given the fact that Oregon has invested other resources that can be used to increase preservation but something I'd like to see revisited in the next QAP if State resources for preservation aren't prioritized.

Page 8, line 9 – Income averaging, is an option but I see no additional details until reviewing the proposal summary. The attached summary notes that projects using income averaging must be 100% affordable, is that a Federal requirement or an OHCS requirement?

Page 20, starting on line 19 – seems unnecessary to have an applicant show a 4% proforma on any deal with over 10% ask since any 9% deal that balances will have a gap once changed to a 4% deal.

Page 20, starting on line 31 – Why make all 9% applicants subject to OHCS's sole discretion to use the 811 resource? Is this because it's not being utilized? If so, does OHCS know why?

Page 21, starting on line 31 – Will be required to submit a report to OHCS prior to getting 8609s. I agree with the State's decision to add MWESB engagement but curious why only state certified firms count? The construction and some professional service industries use this but not all industries do. Also, there is no indication of expectation on dollar or percentages? In my experience the state registry process leaves out many small minority and women owned businesses. State should consider other methods to supplement this.

Page 29 g: In a mixed-use project, no commercial income may be used to support the low-income residential. I believe it is unlikely to have projects showing commercial income as a source to support the housing but if it was possible, why would this have to be excluded?

Notes on scoring attachment:
General comment on scoring, are the points in each section cumulative? For example, when looking at the Serving Lowest Income section it appears any choice in urban is 1 point and there is no benefit for serving lower incomes. I assume that means points are cumulative and an applicant could take multiple points in that section but it's not clear.

Community Development Partners

Page 5 lines 49-53 –Averaging up to Average Gross Income 79%. I'm not tracking how this section works, more explanation required.

Page 6 lines 61-62 – Why such a limited number of sources counting as leverage? Is OHCS open to other sources?

Page 6 & 7 lines 63-68 – notes suggest we select a category? Or does OHCS do that after reviewing all applicants? Please note that a cost-effective analysis only makes sense if comparing apples to apples, for example if a project is using Federal resources and serving lowest incomes, there are likely to be added costs. Seems conflicting to suggest points for serving lowest incomes and using federal funds but then have points for lower costs? How will OHCS compare projects effectively?

Page 9 lines 76 – I don't think the state registry alone is an inclusive indicator, consider other options to supplement and encourage participation across the state.

If you have any questions regarding my comments please contact me at jessica@communitydevpartners.com or 503-866-6586.

Sincerely,

Jessica Woodruff

Jessica Woodruff
Director of Development

Cc: Eric Paine

126 NE Alberta Street, Suite 202, Portland, OR 97211 | 971.533.7466 | communitydevpartners.com

IHI

INNOVATIVE HOUSING, INC.

October 7, 2019

Tai Dunson-Strane
Oregon Housing and Community Services
725 Summer Street NE, Suite B
Salem, OR 97301-1266

Dear Tai,

Thank you for the opportunity to provide comment on OHCS's proposed 2019 Qualified Allocation Plan. Our first comment is a broad policy appeal. As you know, Oregon's need for affordable housing is critical in all forms and in all locations. We need housing for families, individuals, seniors, those with very low incomes, low-wage workers, people with special needs – all of it. As such, we would urge OHCS not to craft policy that unintentionally prevents any particular types of housing or locations from being eligible for critical State funding. One community might severely need senior housing and might be willing to help fund it. Another may have a particular need for PSH, and might be willing to help facilitate that. Please allow projects that can deliver the most positive outcomes to their individual communities the opportunity to compete for competitive State funding.

More detailed comments are as follows:

1. Determination of need: Because the need is so great everywhere, it seems as though this criteria is no longer relevant. If there are areas or groups that are severely underserved, the State could focus on incentivizing particular types of housing in specific locations.

2. Location. If the QAP requires particular data or algorithms to be used, please make sure this doesn't have the unintended consequence of eliminating certain locations from funding eligibility. Oregon needs housing everywhere. We believe incentivizing development in targeted locations would be preferable to creating criteria that prevents projects from being funded in other locations.

3. Income averaging. We think it is positive that OHCS plans to allow 80% units in LIHTC projects and ask that you also allow market rate units to be included in income-averaged projects. True mixed income projects could work very well in some locations could increase the overall production of affordable units.

4. Innovation points. This is a positive takeaway from the LIFT application, and could be incorporated to 9% projects.

5. PDM. This is a complex document that is difficult to use, running counter to OHCS's other efforts to simplify and streamline its application processes. In addition, the PDM is confusing in that it contains many requirements that might really be recommendations. Please simplify this document, making it easier to use, and please clarify and distinguish requirements from recommendations.

Thank you for your time and consideration of our comments. We appreciate our partnership with OHCS and look forward to working together to help address Oregon's housing needs.

Sincerely,

Sarah J. Stevenson
Executive Director

219 N.W. SECOND AVENUE PORTLAND, OREGON 97209
(503) 226-4368
FAX (503) 226-2509

Tai Dunson-Strane, Tax Credit Programs Manager
Oregon Housing and Community Services
725 Summer St. NE, Suite B
Salem, OR 97301

Re: QAP – Proposed Scoring Framework -Public Review Draft

Thank you for the opportunity to comment on the proposed scoring framework Appendix of the proposed OHCS 2019 Qualified Allocation Plan. Housing Works has already submitted a more comprehensive set of QAP comments but we are submitting this additional letter to call your attention to a discrete set of issues relating to the Location Efficiency section of the scoring criteria which can and should be easily corrected.

1. Use of the term "comparable Census Tracts" – the term "comparable Census Tracts" appears in several of the sections under Location Efficiency, Opportunity Area, and Vulnerable Gentrification Area. The term itself is undefined and has no meaning in the context it appears. **An easy correction would be to replace "comparable Census Tracts" where it occurs with the term "the median Census Tract in the jurisdiction." That metric is easily obtainable by both applicants and reviewers and would lend itself to drop-down fillable application form.**

2. Use of the term "Concerted Revitalization Plan" – The term "Concerted Revitalization Plan," appears in IRC section 42(m)(1)B(iii)(III) as an undefined term. The IRS has still not yet defined the term by rule and HUD has no definition of the term except through the resolution of a fair housing complaint against the Maryland Housing Finance Agency. A number of states have defined the term in their QAPs which is permitted, and at least one, Colorado, uses the same language as proposed in the Draft QAP. However, for this criteria to have any real meaning we would suggest that staff and the Housing Council attempt to provide a more concrete definition. Specifically, North Dakota, Ohio, Wyoming, Texas, Idaho and Indiana have included a definition of "Concerted Revitalization Plan" which is more specific than the one proposed in the Draft QAP. At a minimum, we would suggest that the Housing Council provide guidance that the presence of a site in an Urban Renewal Plan would presumptively qualify as a Concerted Revitalization Plan.

3. High Labor Market Engagement – Data for labor participation rates are not available below the county level, so this particular metric will not be useful in determining an Opportunity Area within a county. We would suggest that the 2019 QAP rely on the same metrics for Opportunity Areas that the 2016 QAP did.

Sincerely,

David Brandt
Executive Director

From: Susan Crowley <crowley.susan.g@gmail.com>
Sent: Monday, October 7, 2019 4:33 PM
To: RUZICKA Rick * HCS <Rick.Ruzicka@oregon.gov>
Subject: Public comment: Proposed 2019 QAP for LIHTC progams

DT: October 7, 2019

TO: Tai Dunson-Strane
Oregon Housing and Community Services

FR: Susan Crowley
411 12th Street
Hood River, OR 97031
crowley.susan.g@gmail.com
541-386-2686

RE: PUBLIC COMMENT
PROPOSED 2019 QAP FOR LIHTC PROGRAMS

These brief comments are in response to your notice of September 6 seeking public comment on the above.

I would like to encourage OHCS to modify its policies to exclude from consideration grant applications which require the conversion of public park land to residential use for OHCS-funded proposals.

Such an application for funding to build in the city of Hood River was entertained during the past two OHCS funding cycles. The Columbia Cascade Housing Corporation (CCHA) proposed to develop low-income housing on half of a local 5-acre park, a park enjoyed and loved by many local people, and sought to purchase the entire 5 acres for $1.

The project has succeeded primarily in splitting the community and creating an unfortunate climate of hostility toward a low-income housing project, which most reasonable people agree the community badly needs. The first attempt to rezone the park for residential use was overturned by the Oregon Court of Appeals. A second such attempt is again in litigation, and will doubtless remain so for the next half year or more.

The proposal to build on this park has pitted low-income housing against public parks, a contest which should never occur. A healthy community needs both. This conflict has delayed the offering of new housing our local low-income community badly needs.

Please consider modifying your policies to exclude from consideration proposals requiring the rezone of lands designated for use as public parks or recreational open space. No one gains from the inevitable conflict and ill will. Public parks are not, as a spokesperson from CCHA once asserted, "low-hanging fruit" ripe for development.

Thank you for your time and attention.

With best regards,

Susan G. Crowley

Susan Crowley
crowley.susan.g@gmail.com
411 12th Street, Hood River, OR 97031
541-386-2686 (text and phone)

From: Tracey T <ttomashpol@gmail.com>
Sent: Thursday, September 19, 2019 9:38 AM
To: Hcs_QAP * HCS
Subject: Public Comments on Proposed 2019 QAP - Qualified Allocation Plan

To: Oregon Housing & Community Services

As you make changes to the next round of scoring and criteria for the Qualified Allocation Plan, I would urge that you consider 2 specific elements for possible addition.

In Location Efficiency, you consider subtracting up to 2 points for locations that are within 300 feet of junkyards or active railroad tracks, or within 1000 feet of landfills, trash incinerators, or other items deemed incompatible with residential occupancy.

#1) **Highway Adjacency:** I'd urge you to consider adding adjacency to interstate highways as another element for which points can be deducted. The American Lung Association has published its recommendations based on metadata from 700 studies that suggest that living within 500 feet of highways increases diseases like asthma, COPD, and other pulmonary diseases. These tend to be more severe in children. They urge that people avoid living close to major highways. See https://www.lung.org/our-initiatives/healthy-air/outdoor/air-pollution/highways.html

The NY Times reported on developmental delays in children living close to highways: https://www.nytimes.com/2019/04/11/well/family/living-near-a-major-highway-tied-to-developmental-delays-in-children.htmlhttps://www.nytimes.com/2019/04/11/well/family/living-near-a-major-highway-tied-to-developmental-delays-in-children.html

Numerous other studies support those findings. Since people who will be living in homes built under the funding for affordable housing already face risk factors for health and development, siting homes in a place where children are at further risk due to the environmental damage from a nearby highway seems like something critical to consider.

#2) **Site Selection - Prior Use:** The development agencies that submit bids will look in their individual communities for appropriate parcels to purchase or obtain for their project. I urge you to add criteria that strongly urges developers NOT to site new projects on land that is presently being used as a public park. While affordable housing is a real need for people, taking parks and replacing the parkland with housing creates multiple problems. It destroys green space that is used to buffer cities and towns against heat through tree canopies, removes grassy areas that filtered water runoff, and also removes parks and green recreation from communities that have typically had limited access to public recreation.

Where there is insufficient open space for siting a housing development destined for affordable housing, the state should be far more lenient in allowing expansion of urban growth areas into farmland rather than taking park space. The conflict between advocates for the environment and affordable housing is a false conflict, although it's been created because both are competing for limited land, particularly in Oregon where the state has created unintended consequences of driving land prices high by limiting the resource of land and forcing either denser development or higher costs - usually both.

We appreciate our farmland, but judicious use of a few acres of farm for housing is preferable to removing a public park from use and replacing it with housing structures.

Please consider both these recommendations for addition to your final guidelines.

Tracey Tomashpol
3816 Rocky Ridge Ct
Hood River OR 97031

October 7, 2019

Margaret Salazar, Director
Oregon Housing and Community Services
North Hall Office Building
725 Summer St. NE Ste. B
Salem, OR 97301

Dear Ms. Salazar,

On behalf of the U.S. Green Building Council, our nearly 9,000 member companies nationwide, and our strong Oregon community, we are pleased to provide Oregon Housing and Community Services (OHCS) with our comments regarding the *Low Income Housing Tax Credit 2019 Qualified Allocation Plan Draft* as well as the referenced *Project Development Manual (PDM) Update 2018-R1*.

USGBC commends the OHCS for retaining the existing requirements for projects to adhere to sustainable development criteria, and appreciate the inclusion of LEED as an accepted path. USGBC encourages the OHCS to consider further reinforcing its sustainability goals, by adding a baseline energy efficiency requirements for projects funded under LIHTC, as well as incentivizing higher levels of achievement, to benefit the most vulnerable Oregonians.

USGBC advises that OHCS incorporate the following criteria into the final policy for projects seeking LIHTC funding:

1) Implement a tiered competitive point allocation for different levels of green building certification
2) Add ENERGY STAR certification as a prerequisite for all projects

USGBC and LEED in Oregon

USGBC is a nonprofit organization committed to transforming the way all buildings and communities are designed, built, and operated to support a sustainable, resilient, and prosperous environment that improves the quality of life for all. Our flagship green building system, LEED, continues to grow in Oregon with more than 600 single-family homes and close to 14,000 multi-family housing LEED for Homes certified projects. In addition, there are almost 630 LEED certified commercial and high-rise residential projects in Oregon, amounting to a total of nearly 71 million square feet.[1] Representing the full range of the building sector, including builders, product manufacturers, professional firms, and real estate, more than 100 Oregon-based organizations are

[1] Homes Market Briefs, U.S. Green Building Council

USGBC members, and more than 3,200 individuals in Oregon hold a LEED professional credential.[2]

LEED takes a comprehensive approach to green housing by considering resident health and comfort as well as objectives for energy and water efficiency and indoor environment quality. LEED certified projects must meet a set of rigorous criteria within prerequisites and flexible credits that, when combined, set building projects on the path to excellence in sustainability and overall resilience. The third-party certification supported by LEED ensures accountability, total value, and building performance outcomes for housing advocates and taxpayers alike, while the energy and water resources saved by building to LEED translates to reduced costs for residents.[3]

For more on how LEED supports high-quality, resilient, sustainable housing that is within reach of all households, regardless of income, see our Green for All policy brief.

Exemplifying how LEED supports high quality and high performing affordable housing in Oregon is the Humboldt Gardens apartment project in Portland, which earned LEED Gold certification in 2010. Humboldt Gardens' community-based design has positioned it as a source of opportunity for Oregonians who need it most. This mixed-use development houses 130 units for households earning less than 60% MFI, including 100 subsidized units. Many apartments have front porches, and the project at large incorporates green spaces and a small park that serves as a community meeting space. Building features such as on-site solar panels, low-flow water technologies, and ENERGY STAR appliances contribute to lower operating costs for residents. Outside, bioswales manage 100% of on-site stormwater, a project that was Portland's first public-private stormwater swale. By meeting the requirements for LEED Gold certification, Humboldt Gardens supports residents' health and comfort, and positions the project as sustainable, resilient, and community-oriented.

USGBC Recommendations for Oregon QAP

On behalf of our member organizations and credential professionals in Oregon, USGBC recommends that OHCS 1) implement a tiered competitive point allocation for higher levels of green building certification and 2) add ENERGY STAR certification as a prerequisite for all projects.

Tiered Competitive Point Allocation

USGBC applauds OHCS for keeping in place project requirements to adhere to certain sustainable building paths, including green building certifications. As you know, green building certification like LEED provides accountability for employing a widely recognized system that drives greater performance in energy and water efficiency,

[2] State Market Briefs, U.S. Green Building Council
[3] Policy Brief "Green for All: Healthy and Efficient Affordable Housing," U.S. Green Building Council

resource allocation, waste reduction, indoor environmental quality, and more. Additionally, the third-party verification associated with LEED helps to validate projects' overall performance.

By adopting a tiered competitive point system available to projects achieving higher levels of green building certification, project teams will be encouraged to design and build to greater performance standards, including net zero energy certification. USGBC recommends that OHCS incorporate the following guidelines for competitive points associated with green building certification of new construction projects beyond the baseline levels:

- LEED for Homes: Six (6) points available to projects that earn LEED Zero Energy certification, five (5) points available to projects that earn LEED certification at the Platinum or Gold level, four (4) points available to projects that earn LEED certification at the Silver level
- Earth Advantage Homes: Six (6) points available to projects that earn Earth Advantage Zero Energy certification, five (5) points available to projects that earn Earth Advantage certification at the Platinum or Gold level, four (4) points available to projects that earn Earth Advantage certification at the Silver level

USGBC believes that by adding additional opportunities for affordable housing project teams to pursue higher levels of sustainability and performance, the most vulnerable Oregonians will benefit.

ENERGY STAR Prerequisite

USGBC recommends that ENERGY STAR be adopted as a prerequisite for all projects. The incorporation of energy efficiency strategies, like those encouraged via ENERGY STAR, into affordable building projects is an important facet of a more comprehensive resilience and sustainability approach. ENERGY STAR and LEED work together to empower property developers, owners, and occupants to enhance projects' energy and water efficiency and reduce overall power load requirements. In fact, LEED for Homes uses ENERGY STAR for Homes as a core performance standard, and LEED for mid-rise and high-rise existing residential buildings incorporate ENERGY STAR certification.

Requiring ENERGY STAR for all affordable projects would also ensure that green building programs referenced in the QAP and the PDM will have one common energy metric to achieve, facilitating the measure and data collection process. USGBC firmly believes that ENERGY STAR serves as an integral component in ensuring superior operational and financial performance.

LEED Is Proven to Perform in Low Income Housing in terms of Both Health and Savings

By adding optional competitive point-based criteria for projects that earn high levels of green building – namely, LEED – certification, OHCS will position its LIHTC funding to be

utilized effectively and in line with OHCS's goals for affordable housing in Oregon. LEED has demonstrated its effectiveness in providing healthier conditions for residents and by enabling them to save on operating costs.[4]

Americans spend about 90% of their time indoors and much of that is in our homes. The EPA estimates that indoor air is between two and 10 times more polluted than outdoor air. The U.S. Centers for Disease Control and Prevention found that low-income individuals have the highest rate of asthma; and 21% of all asthma cases are a direct result of home conditions, like mold and mildew. LEED-certified homes are designed to maximize fresh air indoors and minimize exposure to airborne toxins and pollutants and require proper ventilation, high efficiency air filters and measures to reduce the possibility of mold and mildew. Green buildings prioritize the use of adhesives and sealants that have little to no volatile organic compounds (VOCs) to improve air quality.

A Washington, D.C. study of green certified low income housing renovations identified significant health benefits to residents.[5] According to the study, self-reported general health in adults significantly improved from 59% to 67%; allergen dust loadings showed large and statistically significant reductions and were sustained at one year. The study also reported energy and water cost savings of 16% and 54%, respectively.

OHCS plays a critical role in implementing the LIHTC program to provide enhanced opportunities for high-quality, sustainable, resilient housing for low-income Oregonians. By including optional, competitive points for projects earning LEED certification in the final QAP, as well as adding a prerequisite for ENERGY STAR certification, OHCS will demonstrate its continued commitment to resident health and wellness, resource savings, and community cohesion.

If you have any questions or seek additional information, please contact Alysson Blackwelder at ablackwelder@usgbc.org. Thank you for your time and your consideration.

Sincerely,

Alysson Blackwelder
Project Manager, Advocacy and Policy
U.S. Green Building Council

[4] Policy Brief "LEED v4: Raising the Bar on Energy Performance," U.S. Green Building Council
[5] "Health and housing outcomes from green renovation of low-income housing in Washington, DC," NIH

Issue:	Commenter:	Comment:	Response:
Quantitative data metrics	City of Hood River Mark Zanmiller Council President, letter dated 9/23/16	- Need data metrics – Gross rent paid and population growth rate - Limited developable land – receive priority - Local Leverage – broadened definition of local leverage - High cost areas – changing indicator	Need data metrics: No rent paid will be removed from future calculations of rent burden and all other need categories in the final 2019 QAP. Population growth was removed from scoring in this update of the QAP. Limited developable land constraint: Scoring to prioritize investment in rural communities has been incorporated in Region Set-Aside pool to ensure investment proposals facing similar extreme land constraints are compared against each other. Investment proposals in rural communities may also be eligible to receive a basis boost if the project is located in "Difficult Development Areas" designated by HUD. Local Leverage: The Leverage scoring included is focused on Federal resources, which is an intentional prioritization of bringing federal resources to the state and ensuring ability to meet rigid federal funding timelines. While this does not include local resources, if projects do receive local resources they should require fewer state subsidies and receive more favorable scoring under the LIHTC efficiency scoring. High cost areas: For high cost areas, we feel the rent burden calculation does measure the relationship you indicated, prioritizing areas with high housing costs related to the income residents have. In addition, the proposed metrics include scoring for rent escalation and vacancy rates, in order to reflect local market conditions. We have also changed the regions in

			balance of state to separate larger cities (over 40,000 residents) from the other balance of state areas.
NOFA Timing	Travis Philips Housing Oregon Board Secretary Co-Chair Housing Oregon Portland Metro Policy Council 10/20/19	- 9% Cycle Timing coupled with LIFT NOFAs	We appreciate the recommendation to uncouple the 9%/HOME and LIFT applications. As stated, changes to schedules for January 2020 would be impractical. Further, due to the timing of the bond sale that funds the LIFT program we have no choice but to open the LIFT offerings in January during this biennium. We are hoping that by publishing a 2 year calendar, sponsors could better plan for what offering either 9%/HOME or LIFT makes the senses for their proposal. We also will be adding a pre-application to the 9%/HOME NOFA process which will provide sponsors with some indication on how many applicants will be applying. This may be helpful information sponsor could potential use when may the determination on which OHCS funding solicitation to apply for.
Sustainable Building Paths	Environmental Protection Agency, Rebecca Hudson, Residential Branch, email dated 10/3/19	- Energy Efficiency Standard- recognition within the QAP	We appreciate the recommendation to recognize ENERGY STAR specifically in the next QAP independently. Given the various certifications programs in the market place and limited staff capacity to evaluate multiple green building certification program, the Dept. will rely on the expertise of the OHCS State Architect to determine which Sustainable Building Paths, should be included in the Product Development Manual.
Multiple	Housing Development Center, Andrea K. Sanchez, Director of Project	- Permanent Supportive Housing (PSH): - chronically homeless definition clarity; - PSH Service Funding (above the line)	Chronically homeless: The Dept. will allow PSH projects to use local definition of Chronically Homeless individuals or families. PSH Service Funding: As you have noted, all projects are able to fund base resident services from an

	Finance, letter dated 10/7/19		operating budget without dedicated service funding. However, it is anticipated that funding for tenancy support services, like case management, be connected to additional funding sources in order to ensure that development funding is used primarily to support the building as a whole. This means that, with a corresponding source aside from project income, funding for tenancy support services are allowed above the line. To that end, to launch our PSH initiative, OHCS has worked with the Oregon Legislature and the Oregon Health Authority to secure dedicated funding needed to provide rent assistance and tenancy support service funding for PSH units. It is our hope that these resources will be able to be leveraged for PSH units, in addition to other service funding sources.
		- Location Need Data: -change request for vacancy rate indicator -source data for census tract	Location Need Data: Updated has been incorporated into scoring. American Community 5 YR Survey is source data for comparable census tract.
		- Federal Subsidy Leverage: -revise to broader definition	Federal Subsidy Leverage: The Leverage scoring included is focused on Federal resources, which is an intentional prioritization of bringing federal resources to the state and ensuring ability to meet rigid federal funding timelines. While this does not include local resources, if projects do receive local resources they should require fewer state subsidies and receive more favorable scoring under the LIHTC efficiency scoring.
		- Cost Effectiveness: -acquisition cost impacts	Cost Effectiveness: As a new policy, we will need to evaluate if this concern over erroneous data submitted at pre-application requires future changes to mitigate

			any impact from projects that submit erroneous data at pre-application. In our research with other states that include pre-applications, this has not been the case, however if needed, we will be able to add such controls at the NOFA level. Total Development Cost does exclude acquisition costs in this QAP.
		- Financial Viability:	Financial Viability: We will allow DCR variations to be adequately explained and still receive points. Replacement reserve criterion is only applicable to rehabilitation projects.
		- Project Readiness:	Project Readiness: All projects are expected to perform in good faith to the timeline and information presented at application. Project sponsors that demonstrate poor development performance, which could mean projects that incur avoidable delays to the project timeline, will risk having negative points incurred on future applications. Fundamental to our development offerings is the anticipation that resources are deployed to serve Oregonians in a timely way; the intention is not to be punitive in cases where unanticipated issues occur, but to ensure that project work in good faith to develop funded affordable housing.
		- Development Team Experience:	Development Team Experience: Correct, consultants were intentionally left out.
		- Development History:	Development History: Further guidance on what documented material changes from project application that received a funding reservation to placed in service will be outlined in each NOFA, and any such issue with

			a project sponsor will be clearly communicated. . The intention is not to be punitive in cases where unanticipated issues occur, but to ensure that project work in good faith to develop funded affordable housing.
		- Region Set-Aside Pool: Allocation formula	Urban Balance of State Set-Aside Pool: communities that do not meet the definition of rural within the balance of state region. Rural areas are defined in the QAP and Statewide Housing Plan as communities with population of 15,000 or less, outside of the Portland Urban Growth Boundary, in counties within Metropolitan Statistical Areas (Benton, Clackamas, Columbia, Deschutes, Jackson, Marion, Multnomah, Polk, Washington, and Yamhill Counties) and in Communities with population of 40,000 or less in the balance of the state.
		- Racial Equity: -indicators beyond MWESB and Tribes -Section 3 contractors	Racial Equity: This QAP incorporates several deliberate measures to tie to Equity and Racial Justice beyond MWESB and Tribal Set-Aside. Some of these are: -Targeted points to projects that are achieving beyond basic Affirmative Fair Housing Marketing requirements: ▪ Including analysis of under-served population demographics in determining outreach strategies; ▪ Meaningful partnering with a referral and outreach organization partner that is culturally responsive; ▪ Including meaningful partnership with local service / referral agencies in reaching

		-Appraisal requirements:	underserved populations and to build the project wait list; ▪ Using two or more referral and advertising methods; Implementing low-barrier tenant screening. - Our resident services scoring specifically attributes points to meaningful resident service partnerships that: ▪ Have a culturally responsive service provider; ▪ That include funding for resident service staff or provides other resources for a referral agency ▪ Includes financial empowerment tools incorporated into service delivery; including but not limited to IDA program and financial planning where appropriate for target population. -The data measures for Opportunity Area and Vulnerable Gentrification Area have been updated to include latest best practices. -The draft QAP includes a threshold requirement that all applicants sign a DEI agreement wherein they commit their organizations to engaging in DEI practices. - The draft QAP updates the need data used to allocate resources to regions to include a data element for renter head of households of color in order to direct resources more deliberately toward historically under-served populations. Appraisal Requirements: we appreciate raising the issue that there is misinformation regarding OHCS having specific appraisal requirements. We will plan to

		- Pre-application: Purpose and timing -Underwriting Standard	obtain feedback from investors/lenders actively doing business in Oregon regarding this issues. Please let us know if there are specific firms you wishes for us to engage. Pre-Application: The pre-application is intended to provide some early statistics to potential applications regarding the pool of applicants; the details of this will be defined at the NOFA level. The submission will occur in the early part of the NOFA application timeline and at a minimum include the site review check list which has always been requested prior to NOFA deadline. The minimum Debt Coverage Ratio (DCR) will be 1.15:1 for all hard amortizing debt through the initial 20-year pro forma period. Projects with debt coverage ratios that exceed 1.30:1 may be eligible for less Program Resources than applied for. Projects are underwritten on an individual basis in concert with the lenders to determine an appropriate DCR and perform subsidy layering.
Issue:	Commenter:	Comment:	Response:
Multiple	Brian Shelton-Kelley, Director of Acquisitions and Development, NeighborWorks Umpqua, email dated 10/7/2019	-Permanent Supportive Housing (PSH)	1-. To launch our PSH initiative, OHCS has worked with the Oregon Legislature and the Oregon Health Authority to secure dedicated funding needed to provide rent assistance and tenancy support service funding for PSH units. It is our hope that these resources will be able to be leveraged for PSH units, in addition to other service funding sources. Additionally, through our PSH pilot, which is currently under-way we are deliberately piloting execution of PSH projects in diverse areas of the state to better understand the

			support and engagement needed to be successful. The intended outcome is to support the development of functioning local coordinated entry systems to address the needs of those experiencing chronic homelessness. Our training and capacity building efforts are targeted to ensuring that this is a fundamental part of our PSH initiative. understanding that we need to build capacity and infrastructures to be successful.
		-Family sized units	2- We appreciated the feedback regarding the demand for family sized units in your areas. Scoring incentives to prioritize, but do not require, family size further supports the goals within the Statewide Housing Plan. In order to better reflect diverse mix of housing unit sizes, we have adjusted the point incentives to focus on a lesser percentage of three bedroom units in projects.
		-Preservation Set-Aside	3- In response to concerns about the preservation set-aside reduction from 35% to 25%, we have prescribed in the current Draft QAP that if the 10% Tribal set-aside is not fully subscribed, then those resources would revert to the Preservation set-aside. OHCS intends to develop a documented preservation strategy in this biennium; while that is not yet underway, in addition to using the Oregon Legislature $25 million in lottery backed bonds to support preservation efforts, our proposed funding calendar attributes an additional $15 million of gap resources to support this work, and is currently allowing small preservation projects to apply for resources through the Small Project Gap NOFA.
		-MWSBE firm in rural	

		-Readiness to Processed	4- Several of our developer partners expressed concern over not being able to address competing priorities i.e. rural housing production versus MWESB contracting engagement. As we continue to expand our MWESB strategy, these points will be attributed to specific deliverables scaled to realities facing rural communities. 5- While we had originally considered adding specific points for factors that would increase readiness to proceed, we have not done so. At the same time, all projects are expected to perform in good faith to the timeline and information presented at application. Fundamental to our development offerings is the anticipation that resources are deployed to serve Oregonians in a timely way; the intention is not to be punitive in cases where unanticipated issues occur, but to ensure that project work in good faith to develop funded affordable housing.
Issue:	Commenter:	Comment:	Response:
4% Application, Incoming Averaging,	NH&RA, Thom Amdur, President, Letter dated, 9/24/19	-4% Application process increases speed of execution; Offers support and encouragement for OHCS: ▪ Rolling Application Deadline for Four Percent Credits ▪ Differentiating Criteria Between Four and Nine Percent Credits ▪ Policy Flexibility	Thank you for your support.

		- Inclusion of Income Averaging -Nine Percent LIHTC Restriction - Four Percent Basis Maximization	We appreciate the support for the proposed 2019 QAP draft and will follow up on your recommendations regarding the issues of market studies and on-going compliance for the first set of income averaging properties. OHCS is interested in developing a more expansive Preservation Strategy, and will be convening workgroups in the coming months to discuss approaches for doing so. As these conversations had not yet happened it was determined that it was not a prudent time to modify program requirements. As these discussions occur, and the program expands its reach, we will be sure to revisit this concept. Private activity bond volume is a limited resources as mentioned. OHCS will follow up on the four percent basis maximization proposed as we are interested in developing policies to ensure private activity bond utilization is consist with national best practices.
Issue:	Commenter:	Comment:	Response:
Multiple	Community Development Partners, Jessica Woodruff, Director of Development, lettered dated, 10/7/19	-Set-Asides reduction	- In response to concerns about the preservation set-aside reduction from 35% to 25%, we have prescribed in the current Draft QAP that if the 10% Tribal set-aside is not fully subscribed, then those resources would revert to the Preservation set-aside. OHCS intends to develop a documented preservation strategy in this biennium; while that is not yet underway, in addition to using the Oregon Legislature $25 million in lottery backed bonds to support preservation efforts, our proposed funding calendar attributes an additional $15 million of gap resources to support this work, and is currently allowing small preservation projects to

			apply for resources through the Small Project Gap NOFA.
		- Income averaging	-The 100% affordable requirement is a state policy informed by consist with the current national practices adopted by several states because it lessens the risk of non compliance and complications due to applying next available unit rule across units. In this initial allowance for income averaging, we are intentionally adopting this national best practice
		- 4% LIHTC evaluate feasibility	- By requiring sponsor to submit a 4% LIHTC/tax-exempt bond pro forma when they are applying for more than 10 percent of the total annual tax credit allocation to submit a 4% LIHTC/tax-exempt bond, OHCS can utilize this information to plan for future gap funding solicitations. As we move forward with implementing a pre-application phase to the 9% NOFA process, sponsors will also have a chance to learn more about the application pools and may choose to not compete in a 9% NOFA round an elect to finance their leverage 4% LIHTC/tax exempt bond.
		- HUD 811	-There have been years where HUD 811 was undersubcribed. By including this clause in this proposed QAP, it gives OHCS the flexible to use our discretion to allocate this resource without updating the QAP. In any case where HUD 811 is deployed, there will need to be adequate support from projects.
			The specific engagement plans and reporting requirement will be detailed further in the NOFA. As

		-MWESB (engagement plan and state certification requirements) - mixed-use project - Notes on scoring attachment: (previous to 9/4/19 Draft)	we continue to expand our MWESB efforts and policies, our strategies will be further informed by our recently hired MWESB and Workforce Development Program Manager. By excluding commercial income to support the low-income residential project, OHCS is prioritizing projects that demonstrate sufficient operating income supported by qualified tenant income. In the updated scoring metrics, we have added more specificity on point totals within questions; in general they are cumulative. Several of the questions raised applied most directly to the prior version of this scoring. We do acknowledge and understand that achieving policy objectives like serving lower incomes and having larger bedroom sizes would increase costs, however given best practices and guidance from the Oregon Legislature and Housing Stability Council needed to give some weight to the cost for development. In assessing costs we are looking within region by building types, and have also lessened those points from the first draft presented.
Issue:	Commenter:	Comment:	Response:
Multiple	Innovative Housing Inc, Sarah Stevenson, Executive Director, letter dated 10/7/19	1-Determination of need: 2-Target location	1-OHCS, agrees that there is need everywhere within the state. A primary objective of this QAP is to align with the priorities identified in Statewide Housing Plan. Given the scarcity of resources OHCS is unable to fund all proposal we receive thus some metrics for assessing relative need is needed.

			2-This QAP update includes several location metrics incorporated within our Location Need, Location Efficiency, Opportunity Areas, and Vulnerable Gentrification Areas. However, these factors have been scaled very differently from the prior QAP and there is greater weighting on project factors that can be controlled, and less on factors like prior funding.
		3-Income Averaging (allow for market rate units)	3- The 100% affordable requirement is a state policy informed by and consistent with the current national practices adopted by several states because it lessens the risk of non compliance and complications due to applying next available unit rule across units. In this initial allowance for income averaging, we are intentionally adopting this national best practice.
		4-Innovation points	4- We appreciate the support for the innovation criteria built into LIFT framework and will follow up on the potential usefulness to 9% scoring criteria in the future; in our efforts to have a self-scoring application we are not currently proposing any general innovation category as innovation is difficult to quantify objectively.
		5-Project Development Manual (PDM)	5- OHCS is having ongoing conversation with developer, lenders and investors to further refine the PDM; central is feedback on the CNA and appraisal requirements outside of this QAP. We encourage you to provide feedback on the PDM to the OHCS architect Kevin Burgee, at Kevin.Burgee@oregon.gov .
Issue:	Commenter:	Comment:	Response:
Multiple	Housing Works, David Brandt,	1-comparable census tracts	1- Thank you for this feedback; in general this would be a factor defined at the NOFA level and would be

	Executive Director, letter	2-concerted revitalization plan 3-high labor market engagement	centered on comparability within a set-aside Regions included in the QAP. 2- OHCS added the requirement that project wishing to earn points for sites in a Qualified Census Tract with a Concerted Revitalization Plan provide evidence of investment of public resources into capital improvements of residential, commercial, or infrastructure. Using these criteria an Urban Renewal Plan would likely qualify; we can clarify this at the NOFA level. 3- While the labor market engagement index is not published smaller geographic levels, there are other data associated with labor market / employment rates that can be drawn to lower levels of geography. As you also recommend, it is our hope to carry those same types of metrics, which were included in the 2016 QAP.
Issue:	Commenter:	Comment:	Response:
Zoning	Susan Crowley, email dated 10/7/19	Rezoning	OHCS defers to the local jurisdiction in matters of zoning, as they are in the best position to handle these matters.
Issue:	Commenter:	Comment:	Response:
Green Building	United States Green Building Council, Alysson Blackwelder, Project Manager, Advocacy and Policy, letter dated 10/7/19	-Tiered points for green building certification	Given the various certifications programs in the market place and limited staff capacity to evaluate the impacts of potentially adding a tiered scoring competitive point allocation for different levels of green building certification, the Dept. will rely on the expertise of the OHCS State Architect to determine which Sustainable Building Paths, should be included in the Product Development Manual.

			-OHCS allows the project to choose which Sustainable Building Paths is right for their project. Adding ENERGY STAR certification as a prerequisite for all projects may potential have unintended consequence for other Sustainable Building Paths.
Issue:	Commenter:	Comment:	Response:
	REACH Community Development, comments dated September 2019	Vulnerable Gentrification Areas PSH Point Preference	Vulnerable Gentrification Areas: we appreciate this feedback on the inclusion of Opportunity Zones in the criteria for vulnerable gentrification. While this designation may not always connect directly with areas that have not already been gentrified, this designation has the potential to direct economic development resources to areas where it will continue to be important to secure affordable housing options. Further, we have experienced that Opportunity Zone investments have an ability to leverage higher tax credit pricing which would be a rationale for leveraging the designation whether in or out of the Vulnerable Gentrification Area categorization. PSH Point Preference in developing our agency Permanent Supportive Housing (PSH) strategy the Housing Stability Council has adopted a framework where we are prioritizing the use of PSH to address chronic homelessness. While we understand there is a broader use and need for PSH, by focusing on a more narrow band of usage we are striving to make an impact on those experiencing chronic homelessness. This is supported through our statewide housing plan, and we have contracted with the Corporation for

			Supportive Housing to provide robust training and technical assistance. In defining our target population as those experiencing chronic homelessness, we are not relying on the federal definition and are instead deferring to local definitions in cases where the community has expanded upon the HUD definition. As we continue to expand the PSH and Homelessness priorities from our statewide housing plan, we will be sure to include lessons learned and best practices from other states. Thank you for your input.
		Maximum Construction Contingencies included in LIHTC Determination	Maximum Construction Contingencies included in the LIHTC Determination: In this QAP revision we have not made updates to any of the underwriting guidance; your point is much appreciated however, and it is our hope that by having these criteria as guidelines versus requirements will allow more flexibility in developing a pro forma that meets the needs of specific projects.
		Vacancy	Vacancy: The intent of using vacancy rate data in our scoring is not to tie market rents to affordable rents, but rather to use it as an indicator of local market compression. Though as you say, an increase in vacancy does not immediately create market rents that are affordable to those at lower incomes, the factor as a whole does show how tight the local housing market is which reflects on housing choice.
		OHCS could broaden their definition for Preservation projects.	Given the limits to the resources Oregon receives for 9% LIHTC, and the extreme need for the preservation

			of projects with federal project based rent assistance, we have determined that the subsidy rich 9% tax credit is not the best avenue for the type of substantial rehabilitation that you are referencing. It is our hope that we will be able to offer other gap resources, that can be used as leverage with non competitive 4% LIHTC to be used for comprehensive rehabilitation and broader preservation needs.
		Failure to close within 240 days of reservation period	Failure to close within 240 days of reservation period: OHCS is able to grant extensions to the 240-day requirement in any cases where there are project factors that would require doing so; it is our intent in establishing this expectation to ensure projects are in good faith proceeding toward closing in a timely manner. The referenced 10 percent test, from the state of Washington is tied to the IRS Section 42 requirement to meet stated carry over requirements, which also applies to Oregon credits though on a slightly different timeline given that we forward commit resources.
		Cost Savings Clause & Cost Efficiency	Cost Savings Clause & Cost efficiency considerations: Given our cost savings policy, although contractors do not have incentive to come in under budget, recent federal cases have highlighted a need for states to include a lens of cost containment and to provide safeguard against abuse (no matter how infrequently it occurs). Further, the Oregon Legislature has adopted Key Performance Measures regarding costs to which we are held accountable. In this QAP we have included modest scoring preference based on cost per bedroom in addition to LIHTC subsidy per bedroom; further we

			have disincentive points for those that have material changes from application through development. The intention here is to ensure that projects are applying with accurate development costs, that are reasonable and put to the project itself.
Issue:	Commenter:	Comment:	Response:
	Tracey T, letter dated, 9/19/19	Sighting near Highways Rezoning	We appreciate the support for the proposed 2019 QAP draft, we will follow up on the issue of siting housing nearing Highway in that section of the QAP. In matters of zoning requirement, OHCS defers to the local jurisdictions as they are in the best position to hand these matters.