

4% Low-Income Housing Tax Credit ORCA Application Process and QAP Update

Overview

Four percent Low-Income Housing Tax Credit (LIHTC) awards are not limited by the Internal Revenue Service (IRS). Private Activity Bonds (PAB), however, are a constrained resource and *must* be paired with 4% LIHTC in order to generate 4% LIHTC. With this understanding, a functional limitation on 4% LIHTC exists based on the annual allotment of Private Activity Bond volume cap available to OHCS from year to year. OHCS receives an allocation of PAB from the State Legislature with the total available PAB capped at an amount determined by the IRS Internal Revenue Code Sections 146(d) (1). In addition, OHCS receives supplemental PAB allocations upon request and approval by the Oregon State Treasury Private Activity Bond Committee (OST PAB Committee).

Intake Process

Projects applying for 4% Low Income Housing Tax Credits (LIHTC) resources, with or without state subsidy requests, must apply through the agency's Oregon Centralized Application (ORCA) process and designate their application as a 4% LIHTC request by selecting that option in their ORCA Intake Form. OHCS does not guarantee the award or recommendation of a 4% LIHTC allocation, and subsequent PAB allocation, based solely on this Intake Form designation, but in general, any Intake Form that does not request 4% LIHTC will not be considered for a PAB allocation.

The Intake Form should also indicate the amount of gap resources the applicant intends to request. OHCS will determine the appropriate gap resources to assign to the project based on the project design, location, gap resource availability and other factors.

When OHCS announces the availability of 4% LIHTC, project sponsors with submitted Intake Forms or who submit Intake Forms after the announcement will be given access to a Procorem Workcenter to begin the ORCA Impact Assessment step. Projects will apply and be evaluated according to the standards laid out in the ORCA process, and the number of projects selected will be based on available PAB volume cap, and corresponding gap resource availability. PAB will be tracked and allocated based upon a first complete first reviewed process and in alignment with the estimated closing date of the project as provided by the applicant. When PAB allocations have reached the maximum amount for the given annual volume cap or as set by OHCS, applicants will be notified and no additional 4% LIHTC applications will move forward into the Financial Assessment step until new PAB is determined available. New allocations will resume the first complete first allocated and available PAB allotment process. This process will use the ORCA set asides for geographic regions based on the gap subsidy amounts requested.

Projects that will be owned or operated by Local Housing Authorities (definition of owned and operated TBD) and do not need any state funding (aside from OAHTC) to support their projects will have an annual opportunity in the first quarter of a year to request up to \$100 million in PAB for projects closing the following year.

All projects must meet ORCA standards and expectations, including, but not limited to, standards, timelines, and documentation. These are in addition to, not in lieu of, requirements and expectations from the Qualified Allocation Plan (QAP) and any other programmatic requirements of the LIHTC program.

Any questions related to this process should be directed to the Frequently Asked Questions form, and a response will be provided within two weeks.

4% LIHTC and PAB ORCA Application Process

The following are proposed process points for applications for 4% LIHTC and PAB that are key intersections or divergences from the ORCA, which will otherwise guide the process and that all projects must adhere to.

Notice

As PAB allotments become available or are soon to be available OHCS will notify partners. OHCS may exceed PAB availability by holding no more than 110% of available resources for projects. PAB will remain available until OHCS has met this cap. OHCS will announce when the cap has been met and the pause has been initiated.

Allocation

To determine PAB award needs, OHCS will utilize the Total Project Cost dollar amount from the Impact Assessment proforma to make an estimate of PAB utilization (55% of the total project cost). Projects will be required to stay within 10% of their Impact Assessment fund hold totals of Private Activity Bond or may be required to forfeit their hold and re-enter the ORCA process at Impact Assessment as their project would be considered substantially different or new.

Timelines and Closing Dates

Estimated closing dates are required at Intake and Impact Assessment and form the basis of a project's readiness estimation and timelines. OHCS recognizes that these dates are estimates and likely to change, however, all projects must meet the timelines associated with each step of the ORCA process or their PAB hold may be forfeited. OHCS may require timelines to move based upon a number of factors including PAB availability. Projects must close within 12

months of Housing Stability Council approval of an initial Letter of Intent from OHCS.

Reallocation

In the event that a project does not move forward within required ORCA timelines or does not meet required standards within the ORCA process, the PAB hold will be reallocated by OHCS where appropriate for current project needs. Resources will be reutilized in a manner determined by OHCS.

Additional Process Information

- For selected applicants, all projects must meet ORCA standards and expectations, including, but not limited to, standards, timelines, and documentation. These are in addition to, not in lieu of, requirements and expectations from the Qualified Allocation Plan (QAP) and any other programmatic requirements of the LIHTC program.
- **After Impact Assessment application approval, projects must receive Housing Stability Council approval for initial gap resources if such resources are needed for the project and included in the initial proforma. A Letter of Intent (LOI) will be issued based on an up-to amount for both the gap resources and PAB.**
- At the Financial Eligibility step, project sponsors provide a solid, detailed proforma, with cost estimates supported by bids. **The LOI will be updated with a more precise amount at this time.**
 - **The proforma provided at Financial Eligibility should have costs within 10% of the Impact Assessment proforma and further refines the allowable PAB.**
- Projects may be held at the Financial Eligibility stage until closing dates are available. If a project is held by OHCS for an agency purpose, the readiness timeline requirements are suspended during that period. Once projects are moved forward into the closing stage, projects have no more than 6 months to close. Projects that do not close in the 6-month time period will be removed from the queue and must restart the ORCA process.
- Projects will need to go back to Housing Stability Council during the Commitment period to lock in the PAB rate. Once the PAB allocation is locked, any surplus can be released.

Gap with LIHTC Subsidy Limits

The subsidy limits established for this program are intended to:

- Scale according to bedroom size and AMI served;
- Respond to lower rent rates in rural communities with significantly lower AMI, which reduces the ability for projects to cover fixed costs of development;

- Include an additional building-level subsidy for projects that incorporate unique building design functions to serve the target population; and
- Allow for reasonable increases (up to 10% above subsidy limits, or in alignment with the maximum PAB cap) when projects approach the final commitment of resources, upon approval by the OHCS Finance Committee.

Note that these subsidy limits differ from those projects receiving gap resources only via the ORCA process. All projects receiving tax credits must adhere to the limits listed below. **Subsidy limits are outlined in the charts below.**

Additionally, OHCS will provide **up to \$200,000 per project** where there is a unique, functional building need to ensure tenant life/safety/health, including spaces to meet agricultural workforce needs, accessibility factors for elderly or disabled populations, supporting children, or durability interventions. Standard amenities or community rooms do not qualify.

Rural New Construction				
Incomes Served <small>(based on unit restrictions; PBRA units use 30% AMI)</small>	Studio	1 bedroom	2 bedroom	+ Per-Bedroom
30% AMI	\$180,000	\$210,000	\$240,000	\$30,000
40% AMI	\$170,000	\$200,000	\$230,000	\$30,000
50% AMI	\$160,000	\$180,000	\$200,000	\$20,000
60% AMI	\$150,000	\$170,000	\$190,000	\$20,000

Rural Acquisition / Rehabilitation				
Incomes Served <small>(based on unit restrictions; PBRA units use 30% AMI)</small>	Studio	1 bedroom	2 bedroom	+ Per-Bedroom
30% AMI	\$145,000	\$165,000	\$185,000	\$20,000
40% AMI	\$125,000	\$145,000	\$165,000	\$20,000
50% AMI	\$105,000	\$120,000	\$135,000	\$15,000
60% AMI	\$85,000	\$100,000	\$115,000	\$15,000

Urban New Construction				
Incomes Served <small>(based on unit restrictions; PBRA units use 30% AMI)</small>	Studio	1 bedroom	2 bedroom	+ Per-Bedroom
30% AMI	\$160,000	\$190,000	\$220,000	\$30,000
40% AMI	\$150,000	\$180,000	\$210,000	\$30,000
50% AMI	\$140,000	\$160,000	\$180,000	\$20,000
60% AMI	\$130,000	\$150,000	\$170,000	\$20,000

Urban Acquisition / Rehabilitation				
Incomes Served <small>(based on unit restrictions; PBRA units use 30% AMI)</small>	Studio	1 bedroom	2 bedroom	+ Per-Bedroom
30% AMI	\$125,000	\$145,000	\$165,000	\$20,000
40% AMI	\$105,000	\$125,000	\$145,000	\$20,000
50% AMI	\$85,000	\$100,000	\$115,000	\$15,000
60% AMI	\$65,000	\$80,000	\$95,000	\$15,000

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