

# Qualified Allocation Plan (QAP) update to align with Oregon Centralized Application (ORCA)

September 16, 2024

*Overview of engagement plan*

9:00-10:00

# AGENDA

Meeting Objectives: *Participants understand the purpose of the QAP update and how to provide input*

- Process Agreements
- QAP Timeline
- Engagement Schedule
- Quick Overview of LIHTC
- Key Topics for 9% LIHTC
- Key Topics for 4% LIHTC
- Q&A/Easy Retro Board

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# Process Agreements

- Help foster an inclusive environment
- Stay engaged
- Speak your truth responsibly
- Listen to understand
- Be willing to do things differently and experience discomfort
- Expect and accept non-closure

# 2025-26 QAP Update Anticipated Timeline

- September – October: Partner engagement and discussions
- October - November: Post draft QAP and open official public comment period October 30
- November – December: Finalize QAP and get Governor approval/signature
- January – February 2025: QAP Implementation

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# QAP Engagement Meetings: Sept – Oct.

- Today
  - Overview of the engagement process and preview key topics of next two meetings
- Oct. 8, 2024, 3:30-5 p.m. – 9% LIHTC discussion
  - Get feedback on incorporating 9% LIHTC into ORCA process and related QAP updates
- Oct. 9, 2024, 9:30-11 a.m. – 4% LIHTC discussion
  - Get feedback on incorporating 4% LIHTC into ORCA process and related QAP updates
- OHCS holding additional discussions

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# How to provide feedback

- Monitor QAP webpage and sign up for Technical Advisories to stay up to date
- Come to engagement meetings
  - Provide input through discussion, Easy Retro board, and surveys
  - Meetings will be recorded and posted on the webpage with relevant materials
- Provide public comment when draft QAP is released

# Low-Income Housing Tax Credit (LIHTC) - Primer

- Indirect federal subsidy used to finance the construction / rehabilitation of affordable rental housing for low-income households.
- Credit claimed over 10 years by an equity investor who receives a dollar-for-dollar reduction in their federal tax liability in exchange for the equity investor contributing equity into an affordable rental housing project.
- Two different types of LIHTC Programs:
  - 9% LIHTC: traditionally covers ~70% of total project costs
  - 4% LIHTC: traditionally covers ~30% of total project costs and requires Private Activity Bonds (PAB) for at least 50 percent to generate the credit
- **Qualified Allocation Plan (QAP) required by the IRS to authorize distribution of tax credits by state Housing Finance Agencies (HFAs).**

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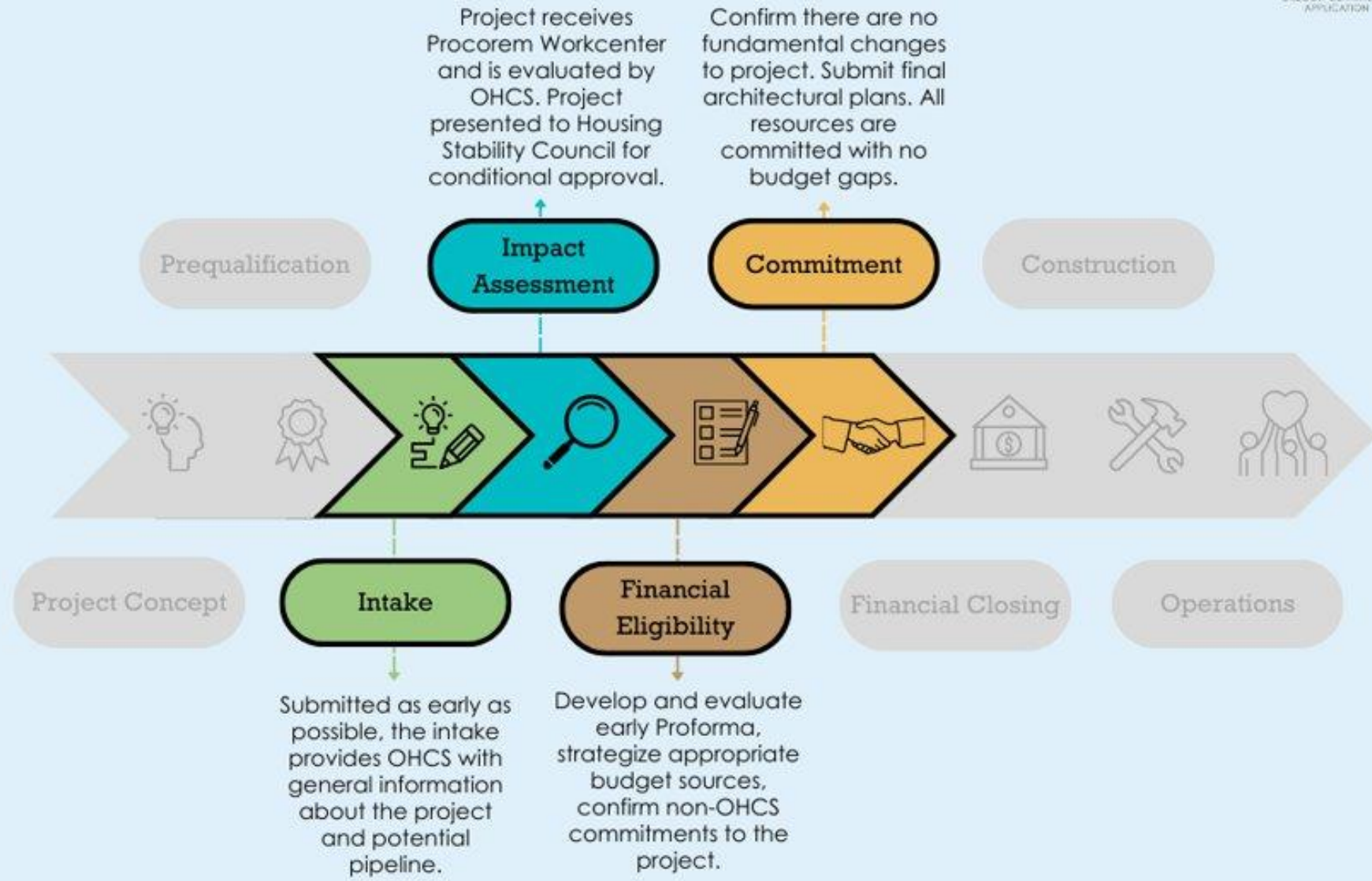
# LIHTC Processes

- Both LIHTC programs are over-subscribed:
  - 9% LIHTC requires a selection process
    - Traditionally through a stand-alone NOFA with complex scoring structures
  - 4% LIHTC requires an allocation process
    - Traditionally non-competitive, but with recent over-subscription of needed PABs to generate the credits, we stood up an interim prioritization process that includes priority for Housing Authority projects as well as those with significant local funding
- ORCA opportunity:
  - **Incorporate both funding sources into the standards-based review and requirements. Added focus on pipeline management and readiness for funding commitments.**

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# Oregon Centralized Application (ORCA) Process



# Proposed QAP Updates

- Alignment wherever possible for consistency and predictability
  - Use ORCA geographic set asides for both 4% & 9% LIHTC
  - Keep other 9% set asides the same
  - Use ORCA Underwriting standards
  - Preservation priorities are established in the Preservation Framework and the ORCA
- Subsidy limits
- Process for 9% competition
- Update to 4% Housing Authority allocation process

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# 9% LIHTC – Considerations / Discussion

- Projects will complete a 9% LIHTC Request Form
  - Request Form submitted after Intake is complete
  - A Technical Advisory will be sent out 1 month prior to availability of the 9% LIHTC Request Form
  - Submissions will be accepted for a period of 6 weeks
- Selection of projects before the full ORCA application submission
- Projects will be evaluated using mandatory criteria and supplemental criteria reflecting OHCS priorities
- If there are more projects than resources available, then tie breakers will be used
- Selected projects will move to Impact Assessment and complete the ORCA process

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# 4% LIHTC – Considerations / Discussion

- Interested applicants will submit an Intake Form and indicate interest in PAB/4% LIHTC resources
- PAB/4% LIHTC resources be attached to gap funding resources and will not have separate set asides
- Prioritizing readiness to proceed
- Projects must meet ORCA requirements (ex. resident services, underwriting, community engagement, timing)
- Housing Authorities will have a carve out for projects not needing OHCS resources

# Questions?



# Next Steps

- Staff will be reviewing questions & comments in Easy Retro to inform future engagement sessions
- Technical Advisory will be distributed with documents outlining proposed 9% and 4% alignment with ORCA
- Send email questions to [HCS.QAP@hcs.oregon.gov](mailto:HCS.QAP@hcs.oregon.gov)

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# THANK YOU!

We appreciate your participation!

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