



# Oregon

## Low Income Housing Preservation in 2010

### Low Income Housing Tax Credits (9% Tax Credits)

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In the 2009 Qualified Allocation Plan, the state maintains its 25% set-aside for preservation properties (note that the amount of 9% tax credits actually used for preservation in 2006 was about 30%). Preservation properties include but are not limited to federally financed existing properties where at least 25% of the property's apartments have project based rental assistance or are expiring LIHTC properties which are currently offering rents 10% below market. Properties participating in, but not limited to the following programs, are considered federally financed: HUD, USDA Rural Development, and properties participating in programs that include the replacement of existing affordable housing units, including the HOPE VI program, as long as 25% of the units have project based assistance, and expiring LIHTC projects. In funding preservation projects, preference is given to applications that have at least 25% project based rental assistance. Projects are required to maintain a 30-year period of occupancy restrictions (includes 15 year federal requirement). Additional consideration will be given to projects which agree to extended use beyond 30 years.

Preservation projects are considered "difficult-to-develop areas" and are therefore eligible for the 30% basis boost. Projects that serve permanent supportive housing goals, address workforce housing needs, are located in Transit Oriented Districts (TODs) or Economic Development Regions (EDRs) or in a designated state or federal empowerment/enterprise zone or Public Improvement District (PIDs), or other area designated for neighborhood preservation, redevelopment, or use of public transportation are also eligible for the basis boost. All projects must also commit to an extended use term of affordability of a minimum of 30 years.

#### **Allocations (2003-2009)**

*Properties Preserved:* 44

*Apartments Preserved:* 2,824

*Additional Info:* Oregon consistently preserves affordable housing with 9% tax credits, allocating nearly 1/3 of its total credits to preservation in 2007, 2008, and again in 2009.

### State Low Income Housing Tax Credits

The Oregon Affordable Housing Tax Credit (OAHTC) Program provides a state income tax credit for affordable housing loans for which a lender reduces the interest rate by up to four percent. Applications must demonstrate a 20 year term that the benefit of the tax credit will be entirely passed on to reduce rents for the tenant.

In April 2009, Senate Bill (SB) 199 increased the Oregon Affordable Housing Tax Credit fund from an annual cap of \$17 million to \$21 million. The increase in OAHTC will create \$100 million in loan funds at interest rates of approximately 4 percent below market. This increase will keep \$219.3 million in federal subsidy dollars flowing into Oregon over the next two decades.

### Private Activity Bonds with 4% Tax Credits

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#### **Allocations (2003-2009)**

*Properties Preserved:* 33

*Apartments Preserved:* 1,654

### Housing Trust Funds

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The Oregon Housing Development Grant Program provides grants and loans for new construction, rehabilitation and/or acquisition of low- and very low-income housing apartments. The program must allocate at least 75% of the funding to housing for very low-income households. In 2009, Oregon Housing Alliance won passage of the Housing Opportunities Bill, dedicating an increase in the document recording fee on real estate related documents for programs within the Oregon Housing Fund, totaling approximately \$15 million per year.

**PLEASE NOTE:** Some of the information on housing trust funds included in this report was generously provided by the Center for Community Change (Housing Trust Fund Project).

## Other Preservation Incentives

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Providing technical assistance to potential owners and managers of at-risk housing \* Conducting a collaborative policy effort to engage tenants, owners, community organizations, government officials and financial institutions in affordable housing preservation efforts, including the convening of a statewide Housing Preservation Summit for all stakeholders

Created in 2007, the Housing Acquisition Project is a collaboration of the State of Oregon's Housing and Community Services Department, the City of Portland's Bureau of Housing and Community Development, and the Network for Oregon Affordable Housing (NOAH). NOAH is a nonprofit 22-bank consortium that has provided technical assistance, and interim and permanent financing for affordable housing projects since 1990. The Housing Acquisition Project consists of the Oregon Housing Acquisition Fund and complementary activities to encourage affordable rental housing preservation. These new tools supplement the permanent financing NOAH already provides, thus creating more funding options for the different stages of a preservation project.

The City and State are expanding the Oregon Housing Acquisition Fund, a revolving loan fund created to finance the purchase of at-risk properties until permanent financing is available. Over the next five years, federal subsidy contracts will expire on 80 percent of Oregon's privately-owned rental housing. Nearly one-quarter of these homes are located in Portland, where more than 2,700 families are waiting for rental assistance. Oregon and Portland are receiving a \$1 million MacArthur grant and a \$4 million program-related investment.

In February 2009, Oregon passed legislation (Housing Opportunity Bill) that will generate up to \$20 million annually for affordable housing development. OHCS anticipates funding generated by the Housing Opportunity Bill in the 2009-11 biennium will be approximately \$15 million. The HOB directs \$11.4 million of the funds generated to the General Housing Account Program of which \$10.5 million will be directed to multifamily housing. OHCS has dedicated \$1,750,000 of the GHAP funds to the Spring 2010 Consolidated Funding Cycle for preservation of housing with expiring federal rent subsidy contracts. Upon completion, at least 25 percent of the units must have a federal contract for project based rental assistance. All assisted units must have rents that are affordable to – as well as serve – households with incomes less than 80 percent of median income.

In the 2010 legislative session, Oregon passed SB 5535 and dedicated \$16.1 million in lottery-backed bonds for the purposes of preserving federally subsidized affordable rental housing and manufactured home parks. In December OHCS announced \$11.3 m would be reserved for 13 projects that will be preserved with 4% LIHTC and bonds. The \$5m balance in lottery backed bond proceeds will be issued through the Spring 2010 CFC.

The department offers a 50% set aside of various funding sources available in each CFC round. At least 25% of the project units must provide housing for the targeted population for the application to qualify for the set-aside allocation. OHCS set asides reflect the housing goals and preferences derived from the department's biennial strategic plan goals. For the 2010 CFC, a 50% set aside will be available for developments that will: Preserve, through acquisition and rehabilitation, projects with at least 25% of the units having HUD or RD project-based rental assistance with rents below market rent by completion of the project.

Oregon Housing and Community services has successfully contributed to preserving more than 270 affordable housing units under the Tax Credit Exchange Program (TCEP). Some of the affordable housing projects used the funds for project-based rental assistance and others for substantial rehabilitation efforts. TCEP, along with the Tax Credit Assistance Program (TCAP), were implemented through the American Recovery and Reinvestment Act of 2009 and were designed to be used as cash gap fillers on Low Income Housing Tax Credit projects affected by disruptions in the financial market at the end of 2008. TCAP dollars are awarded through HUD and TCEP dollars are awarded through the U.S. Treasury. By the time the Oregon program fully draws to a close, it will have served 272 household, retaining or creating more than 300 new jobs and assisting seven different rural communities in the state.

### Portland

In July 2009, Portland created a new City of Portland Housing Bureau. The new bureau will be a combination of the housing personnel of the Bureau of Housing and Community Development (BHCD) and the Portland Development Commission (PDC). A priority of this bureau will be preserving affordable housing in Portland.

## **Green Multifamily Preservation Initiatives**

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### ***Green Incentives in State Tax Credit Allocation Plan***

Points are available for green building criteria. Options for earning these points include meeting Enterprise Green Communities, achieving Earth advantage or LEED certification, or choosing OHCS's Green Building Path, which is an option available to acquisition, minor rehab, or substantial rehab projects that cannot qualify for any of the other programs.

### ***Other Green Incentives Relevant to Preservation***

Oregon's WAP funds are administered by Oregon Housing and Community Services, which has attempted to work through local agencies to focus on preservation projects and affordable housing projects. Oregon has made multifamily housing a priority and has set a target of using 25% of its funds for multifamily housing, including 10% for rental housing properties at-risk of losing federal housing subsidies. For complete information on OR's weatherization program see: <http://www.waptac.org/grantee-contacts.aspx>.

Other incentives include income tax credits for renewable energy systems, a property tax exemption for renewable systems, favorable loans and grants for green rehabilitation, free municipal assistance to navigate and utilize green programs, and renewable energy production incentives.

***For additional information on green initiatives, visit [www.aceee.org](http://www.aceee.org) for more on policies related to energy efficiency or [www.dsireusa.org](http://www.dsireusa.org) for programs that may be available to developers to incentivize renewable energy or energy efficiency.***

## **Sustainable Communities & Transit-Oriented Development Incentives**

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Oregon's 2009 QAP gives non-numerical consideration to projects' proximity to amenities, including transportation. Projects located in a Projects that are located in Transit Oriented Districts (TODs) or Economic Development Regions (EDRs) as designated by local governments, or projects in a designated state or federal empowerment/enterprise zone or Public Improvement District (PIDs), 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.

Oregon's 2009 QAP gives non-numerical consideration to projects' proximity to amenities, including transportation. Projects that are located in "Transit Oriented Districts" are eligible for the basis boost.