

Jacqueline B. Knights, Chair & Designee
Office of the State Treasurer

Renee A. Klein, Designee
Oregon Department of Administrative Services

Theresa K. Deibele, Public Member



**PRIVATE ACTIVITY
BOND COMMITTEE**
867 Hawthorne Ave SE
Salem, OR 97301-5241
(503) 378-4930
Fax (503) 378-2870
DMD@ost.state.or.us

January 11, 2023

TO: Members of the Private Activity Bond Committee

FROM: Jacqueline B. Knights, Chair
Office of the State Treasurer, Director of Debt Management Division

SUBJECT: Meeting on Wednesday, January 18, 2023

The Private Activity Bond Committee will meet on Wednesday, January 18, 2023, to discuss the 2022 Carryforward, 2023 Volume Cap Allocation requests and other agenda topics.

This meeting will be conducted from 10:00 am – 12:00 pm (estimated end time) via a hybrid system; Microsoft Teams will be used for the virtual meeting side, while the Jim Hill Conference room located at the Oregon State Treasury building will house anyone that would like to physically attend the meeting; see enclosed Public Meeting Notice and Agenda for participation details.

An e-copy of the meeting packet is provided. Due to remote working locations of staff, a hard copy is not distributed; please print if hard copy is preferred.

Please contact us at 503-378-4930 if you have any questions.

TAB 1 –

PUBLIC MEETING NOTICE & AGENDA

January 18, 2023

JACQUELINE B. KNIGHTS, Chair & Designee
Office of the State Treasurer

Renee A. Klein, Designee
Department of Administrative Services

Theresa Deibele, Public Member



**PRIVATE ACTIVITY
BOND COMMITTEE**
867 Hawthorne Ave SE
Salem, OR 97301-5241
(503) 378-4930
Fax: (503) 378-2237
DMD@ost.state.or.us

PUBLIC MEETING NOTICE AND AGENDA

THE PRIVATE ACTIVITY BOND COMMITTEE WILL HOLD A REGULARLY SCHEDULED

VIRTUAL MEETING ON

Wednesday, January 18, 2023

10:00am – 12:00pm¹

AUDIO AND VIDEO PARTICIPATION: [Click here to join the meeting](#)

AUDIO PARTICIPATION ONLY:

Dial-In Access	971-279-6217
Dial-In Toll Free	833-213-7399
Conference ID #	369 757 297#

AGENDA¹

- | | | | |
|----|--|----------|----------|
| 1. | Call to Order & Roll Call | 10:00 AM | 10:05 AM |
| 2. | Chair 2022 Summary | 10:10 AM | 10:25 AM |
| 3. | Private Activity Bond Status | 10:25 AM | 10:30 AM |
| | <ul style="list-style-type: none">2022 Carryforward Summary Update2023 Volume Cap Status and Update2023 Volume Cap Allocations | | |
| 4. | <u>2022 Carryforward Request</u> | | |
| | <ul style="list-style-type: none">Oregon Housing and Community Services Department\$157,849,181.06, <i>various projects</i>Public Comment ²Vote | 10:30 AM | 11:00 AM |
| 5. | <u>2023 Volume Cap Request</u> | | |
| | Oregon Business Development Department | | |
| | <ul style="list-style-type: none">\$40,000,000, <i>EPCOR Foothills Water Project</i>Public Comment ²Vote | 11:00 AM | 11:30 AM |
| | Home Forward | | |
| | <ul style="list-style-type: none">\$23,440,000, <i>Grace Peck Terrace</i>Public Comment ²Vote | 11:30 AM | 12:00 PM |
| 6. | Adjournment | | |

¹ Estimated times

² Public comment, each person will be restricted to 2 minutes

TAB 2 – PAB STATUS

2022 CARRYFORWARD SUMMARY UPDATE

2023 VOLUME CAP STATUS AND UPDATE

2023 VOLUME CAP ALLOCATIONS

Private Activity Bond Committee
2022 Carryforward Summary
As of 12/17/22

Agency	¹ Legislative Allocation for 2022	Committee Allotments of Allocation for 2022	Total Allocated or Alloted for 2022	Allocation Used for 2022	Balance of Committee Allocation for 2022	Allocations Returned to Committee for 2022	2022 Carry Forward Requests					
Oregon Business Development Department - <i>Industrial Development Bonds</i>	\$40,000,000.00	-		-		40,000,000.00	-					
Oregon Business Development Department - <i>Beginning & Expanding Farmer Loan Program</i>	\$1,000,000.00	-		-		1,000,000.00	-					
Oregon Housing & Community Services Department	\$250,000,000.00	-		135,975,819.94		114,024,180.06	157,849,180.06					
² Adjusted PAB Committee Allocation	\$176,077,050.00				2,825,000.00	2,825,000.00						
Housing Authority of Washington County		58,000,000.00	58,000,000.00	58,000,000.00								
Home Forward- <i>Dekum Redevelopment</i>		5,790,000.00	5,790,000.00	5,790,000.00								
Oregon Housing & Community Services Department		72,287,050.00	72,287,050.00	72,287,050.00								
Housing Authority of Washington County		2,175,000.00	2,175,000.00	2,175,000.00								
Oregon Housing & Community Services Department		35,000,000.00	35,000,000.00	35,000,000.00								
Total:	\$467,077,050.00	173,252,050.00	173,252,050.00	309,227,869.94	2,825,000.00	157,849,180.06	157,849,180.06					
³ Total 2021 Oregon PAB Allocation	\$467,077,050.00	<table border="1"> <tr> <td>2022 Carryforward:</td> <td></td> <td>157,849,180.06</td> <td>=</td> <td>\$157,849,180.06</td> </tr> </table>						2022 Carryforward:		157,849,180.06	=	\$157,849,180.06
2022 Carryforward:		157,849,180.06	=	\$157,849,180.06								

2022 CF Balance = \$157,849,180.06

2022 PAB Allocation Summary	
2022 Oregon Allocation	\$467,077,050.00
Less PAB Allocation Used	(309,227,869.94)
2022 PAB Carryforward	\$157,849,180.06

¹ House Bill 5505 (2021 Legislative Session for 2021-2023 biennium)

² 2022 Legislative Allocation + Additional Allocation Based on U.S. Census and IRS Cap per Capita data

³ Calculated by multiplying Population Estimate by Dollar Cap per Capita for Oregon

Historical Carry Forward Allocation and Use Summary

As of 12/17/22

Allocation Year	Expiration Year	Description	Oregon Housing & Community Services Multi-Family (Various Projects)	Home Forward (Dekum Redevelopment)	Central Oregon Regional Housing Authority (Ariel South)	Housing Authority of Washington County (Goldcrest Apartments)	TOTALS
2019	2022	Allocation	\$ 248,875,232.62				\$ 248,875,232.62
		Used	\$ 248,875,232.62				\$ 248,875,232.62
		Expired					
		Remaining	\$ -	\$ -	\$ -	\$ -	\$ -

Remaining Carryforward

2020	2023	Allocation	\$ 386,080,580.65				\$ 386,080,580.65
		Used	\$ 386,080,580.65				\$ 386,080,580.65
		Expired					
		Remaining	\$ -	\$ -	\$ -	\$ -	\$ -
2021	2024	Allocation	\$ 294,872,256.40	\$ 42,500,000.00	\$ 8,800,000.00	\$ 18,000,000.00	\$ 364,172,256.40
		Used	\$ 294,872,256.40	\$ 42,500,000.00	\$ 8,800,000.00	\$ 18,000,000.00	\$ 364,172,256.40
		Expired					
		Remaining	\$ -	\$ -	\$ -	\$ -	\$ -

Total Remaining Carryforward	Allocation	\$ 929,828,069.67	\$ 42,500,000.00	\$ 8,800,000.00	\$ 18,000,000.00	\$ 999,128,069.67
	Used	\$ 929,828,069.67	\$ 42,500,000.00	\$ 8,800,000.00	\$ 18,000,000.00	\$ 999,128,069.67
	Remaining	\$ -	\$ -	\$ -	\$ -	\$ -

2023
STATE OF OREGON
PRIVATE ACTIVITY BOND (PAB) VOLUME CAP
\$509,538,600
As of 1/9/23

	Legislatively Allocated	Amount Requested To Date	Amount Approved To Date	Allocation			Date Allocated	Date Used	Date Expires/ Returned
				Used To Date	Remaining	Returned To Committee			
PAB Committee - Allocation x SB 5505 (2021-23 Legislature)	\$151,862,385								
Additional Allocation based on 07-01-2021 U.S. Census Data	\$66,676,215								
TOTAL PAB Committee Allocation for 2023:	\$218,538,600								
Oregon Business Development Department <i>EPCOR Foothills Water Project</i>		40,000,000.00							
Home Forward <i>Grace Peck Terrace</i>		24,440,000.00							
TOTALS		64,440,000.00	0.00	0.00	0.00	0.00			

TOTAL PAB Committee Allocation for 2023: \$218,538,600.00
Allocation Approved to Date: \$0.00
Allocation Returned to Committee: \$0.00
Total Remaining Available to Allocate: \$218,538,600.00

Total Amount Volume Cap Requested for Today's Meeting: \$0.00

State Agency Allocation x SB 5505 (2021-23 Session)

Oregon Business Development Commission - <i>Industrial Develop</i>	\$40,000,000.00					
			\$0.00	\$40,000,000.00		
Oregon Housing & Community Services Department	\$250,000,000.00			\$250,000,000.00		
Oregon Business Development Department Beginning & Expanding Farmer Loan Program	\$1,000,000.00		\$0.00	\$1,000,000.00		
Total amount Allocated for 2021 to State Agencies:	\$291,000,000.00		\$0.00	\$291,000,000.00		

2022 PAB Allocation [population estimate x \$cap/capita]: ¹

FY21 U.S. Census Population for Oregon	IRS \$ Cap per Capita	Oregon Total PAB Volume Cap
4,246,155	\$120.00	\$509,538,600

¹ FY21 U.S. Census Bureau population estimates released late July 2021

**Private Activity Bond Committee
2023 Allocations
As of 1/9/2023**

State Agencies	Legislative Cap Allocations ¹	PAB Current Requests	PAB Committee Approved Allocations	Allocations	Meeting PAB Committee Approved Allocations
Oregon Housing & Community Services Department	250,000,000.00			250,000,000.00	
Oregon Business Development Department (OBDD)--IDBs	40,000,000.00			40,000,000.00	
OBDD--Beginning & Expanding Farmer Loan Program	1,000,000.00			1,000,000.00	
State Agency Subtotals	291,000,000.00			291,000,000.00	

Total PAB Committee Allocation² 218,538,600.00 (or \$54,634,650/quarter)³

Local Government			
Oregon Business Development Department - EPCOR Water Project	40,000,000.00		
Home Forward - Grace Peck Terrace	23,440,000.00		
Local Government Subtotals	63,440,000.00	0.00	

Oregon PAB Volume Cap Totals⁴	509,538,600.00	63,440,000.00	0.00
---	-----------------------	----------------------	-------------

2022 Committee PAB Current Allocation Summary	
Committee Available Allocation Cap:	\$218,538,600.00
Current Approved: -	\$0.00
Current Requests: -	\$63,440,000.00
Expired/Returned to Committee ⁵ : +	\$0.00
Potential Remaining Allocation:	\$155,098,600.00

¹ Senate Bill 5505 (2021 Legislative Session for 2021-2023 biennium)
² PAB Legislative Allocation for 2022 + Additional Allocation Based on Census Data & IRS Cap per Capita
³ The Committee agrees to allocate its annual current volume cap in equal amounts throughout the year with any unallocated quarterly portions added to the next quarter.
U.S.Census-Oregon x IRS Cap per Capita OR Total Volume Cap
⁴ Calculated by multiplying U.S. Census FY21 Population by 2022 IRS Cap per Capita: 4,246,155 120 \$509,538,600
⁵ Balance of expired/returned 2022 Committee Current Allocations

Any excess resulting from an increase in population and/or dollar cap subsequent to adoption of the bond bill is allocated to the PAB committee for allocation.

TAB 3 -

2022 CARRYFORWARD REQUEST

Oregon Housing and Community Services

Multi-Family Housing Qualifying IRC 142(a)(7) & 142(d)

\$157,849,181.06

Project Projection Presentation

Jacqueline B. Knights, Chair &
Designee Oregon State Treasury

Renee A. Klein, Designee
Department of Administrative Services

Theresa K. Deibele, Public Member



PRIVATE ACTIVITY BOND COMMITTEE

867 Hawthorne Ave SE
Salem, OR 97301-5241
(503) 378-4930
dmd@ost.state.or.us

PRIVATE ACTIVITY BOND ALLOCATION REQUEST

ALLOCATION REQUEST TYPE

DATE: 12/14/2022

- Current Year Allocation Request
 Carry Forward Allocation Request

ISSUER DETAILS

Issuer: State of Oregon, Housing and Community Services Department

Address: 725 Summer Street NE Suite B

City, State, Zip: Salem, OR 97301-1266

Contact Name: Matthew Harris

Contact Phone: 503-580-7816 Contact Email: matthew.d.harris@hcs.oregon.gov

PROJECT INFORMATION

Title of Project: Various

Project Amount: Various Bond Amount: 157,849,181.06 Request Amount: 157,849,181.06

Sale Date: Various Closing Date: Various

IRC Section & Paragraph Applicable to Qualifying Private Activity Bond Project (*if selecting 'Other', specify below*):

Residential rental projects (IRS 142(a)(7) & 142(d))

Please describe the project:

This allocation would support OHCS's continuous efforts as well as the Governor's and Statewide Housing Plan, goals and initiatives concerning affordable multi-family housing under the Housing Development Revenue Bonds (Conduit) Program.

Expected Number of Family Wage Jobs Created/Saved: 253

Describe how the project meets statutory standards:

This allocation would be used to issue private activity bonds for the Departments ongoing Multi-Family housing programs. Loans financed under the Departments multi-family housing bond programs create economic benefits to the citizens of Oregon by providing for economic development and affordable housing opportunities. These loan programs are statewide , serving both urban and rural areas of the State. These loan programs also support the State's economy in various industries including construction, real estate, finance and banking. Borrowers under the multi-family housing bond programs are able to obtain financing at lower rates, which provides opportunities to reduce rents for multi-family project borrowers. These lower payments provide a direct financial benefit to eligible Oregonians

HOUSING PROJECT INFORMATION, if applicable

Expected Number of Resulting Housing Units: 778

Describe how the affordability status of housing units was determined:

For multi-family housing projects financed with tax-exempt bonds, Federal tax law requires that housing projects financed with tax-exempt bonds elect to provide either 1) 20% of the units affordable to individuals at 50% of median income or 2) 40% of the units affordable to individuals at 60% of median income. Compliance with these requirements is monitored through the Department's Asset Management and Compliance section.

If project qualifies for 4% low income housing tax credit (LIHTC), submit a [Low Income Housing Tax Credit Uses & Sources](#) (see sample).

N/A Has either a pre-application package or a final application package been submitted to [Oregon Housing & Community Services for 4% LIHTC?](#)

PRINCIPAL USER OF ISSUE PROCEEDS, if different from Issuer

Company:

Address:

City, State, Zip:

Contact Name:

Contact Phone:

Contact Email:

BOND COUNSEL

Firm Name: Orrick, Herrington, Sutcliffe

Address: 1120 Nw Couch ST

City, State, Zip: Portland, Oregon 97209

Contact Name: Doug Goe

Contact Phone: 503-943-4810

Contact Email: dgoe@orrick.com

*Requests must be received by Oregon State Treasury – Debt Management Division (contact details on page 1) **at least 2 weeks prior to a scheduled Private Activity Bond Committee meeting and must include a non-refundable \$200 application fee payable to the Office of the State Treasurer with “PAB” in the memo field. Payments by wire are preferred; wire instructions can be provided by fax or phone.***



**OREGON HOUSING *and*
COMMUNITY SERVICES**

725 SUMMER STREET NE, SUITE B | SALEM, OR 97301
503-986-2000 | www.oregon.gov/OHCS

TO: Private Activity Bond Committee

FROM: Andrea Bell, Executive Director OHCS
Caleb Yant, Deputy Director OHCS
Matthew Harris, Capital Markets Assistant Director OHCS
Natasha Detweiler-Daby, Director Affordable Rental Housing OHCS

DATE: January 4, 2023

SUBJECT: 2023 PAB Carryforward Allocation Request

Chair Knights and members of the Private Activity Committee,

The following memo is provided to supplement OHCS's application for \$157,849,181.06 in unused 2022 Private Activity Bond (PAB) allocations. OHCS respectfully requests that the Committee consider allocation of all the State's carryforward to OHCS in recognition that:

1. OHCS has been a responsible steward of its allotted PAB allocations, having utilized all its awarded Carry Forward allocations, all committee approved current year allocation, and most of the agency legislative current year allocation.
2. OHCS can provide the highest and best use of PAB allocations for the citizens of the State of Oregon through its promotion of affordable housing for Oregonians.
3. OHCS has an unprecedented pipeline of affordable rental housing projects, capable of using the entirety of Oregon's PAB allocation for future years.
4. OHCS is the state's Housing Finance Agency and is working in collaboration and agreement with the State's Housing Authorities with aligned priorities for the deployment of scarce resources to fund projects that will make positive impact to community and address unmet needs.

OHCS recognizes and appreciates that this committee will face difficult allocation decisions for the use of this resource beyond its ability to generate a 4% Low Income Housing Tax Credit to leverage state and local resources to fund the development and preservation of affordable rental housing. Oregon's need and ability to create affordable rental housing far exceeds its allocation of PABs. We believe that is incumbent upon OHCS, as the state's housing finance agency, to provide this committee with recommendations on how this scarce resource should be equitably distributed for housing.



The request for carry forward today will support active projects we have in our pipeline with closing dates within the next two quarters of 2023. OHCS additionally supports the funding request for Grace Peck that will be put forward by Home Forward in the January meeting which has been prioritized through our mutual agreement for funds. OHCS will also be providing support of two additional 2023 Housing Authority requests up to a combined \$61.6 million in PAB at future PABC meetings; the request we bring today has factored in all agreed upon needs for housing investments in PAB.

Use of Resources

Historically OHCS has used the agency allocated \$250 million in current year PAB allocation and any Carryforward made available to fund two active programs:

- **The Oregon Bond Residential Loan Program (OBRLP)** which serves the entire state and uses proceeds from tax-exempt mortgage revenue bond sales to provide below market rate financing and cash assistance to low-moderate income first-time homebuyers to maximize production of rental housing. Through the issuance of taxable fixed and variable rate debt, combined with tax-exempt replacement refundings, the Department issued 5 series of bonds in the spring and fall of this year to fund \$151 million in loans for the calendar year. This is an increase from \$128 million in 2021.
- **The Multifamily – Housing Development Revenue Bond Program (Conduits)** which is available across the state and provides financing for rental housing development paired with the federal 4% Low Income Housing Tax Credit (LIHTC), which requires 50% of a project’s cost to be funded with tax-exempt bonds. In calendar year 2022, the Department funded a record 37 projects, creating an anticipated 3,634 affordable rental units.

Both OHCS programs provide economic benefits to the State in the form of safe and affordable housing for low-moderate income residents **and** economic development catalyzed from the construction of the properties, in addition to the increased stability and prosperity of those being housed.

Economic Benefits to Oregonians

Oregon Administrative Rule (OAR) Chapter 170 Division 71 states that the purpose of PABs in Oregon is to “maximize the economic benefits of such bonding to the citizens of this State.” In our current work, OHCS programs meet five of six allocation criteria listed in the OAR, including: supporting projects that increase the number of family wage jobs; promoting economic recovery in small cities heavily dependent on a single industry; emphasizing development in underdeveloped rural areas of the State; supporting development in the State’s small businesses, especially women and minority owned businesses; and encouraging use of Oregon’s human and natural resources endeavors, which harness Oregon’s economic comparative advantages.



In addition to being the primary tool Oregon uses to address the supply of affordable housing, PABs provide economic benefits in the following ways:

Rural Oregonians

PABs enable increased production in rural Oregon. The 4% LIHTC program often necessitate large projects in order to ensure they're financially viable, leading to these programs being used predominantly in urban or suburban communities. That said, the availability of this resource to meet those needs enables OHCS to target other housing development resources to rural communities. In calendar year 2022, OHCS closed 11 projects with nearly a thousand units in rural communities¹, constituting about 31% of total projects.

Oregonians of Color

OHCS's funding offerings strive to promote racial equity. All PAB allocations provided by OHCS require a detailed plan on how the project owner will affirmatively further fair housing principles (e.g., in marketing of the homes and in recruitment of the residents) and incorporate MWESB goals and reporting. At a minimum these projects are required to specify how the projects will incorporate culturally responsive services and communication to serve the racial and ethnic demographics of the communities where they are located. Additionally, when paired with other OHCS resources, the efforts made to achieve equity and racial justice is a scoring element in the competitive funds offering.

OHCS PAB Use Strategy

Given that OHCS has used PAB to support both homeownership and affordable rental housing, and the recognition of the growing constraints on PAB we have understood a need to critically evaluate and prioritize this investment across uses. Oregon faces a critical affordable rental housing supply crisis and given state and local investments to address this housing deficit we find there is a corresponding increase in demand for OHCS Conduit program to allow the PAB to generate a 4% Low Income Housing Tax Credit to further leverage public resources to support needed development. At the same time, we have identified viable alternative strategies for continuing the Homeownership investments without PAB for a period of time. As such, OHCS has strategically decided to reduce PABs usage for Homeownership to maximize the production of affordable rental housing through the Conduit Program.

At the same time as state investment in homeownership remains central for OHCS. OHCS will continue funding homeownership through different means rather than new PAB allocation. These include:

- Financing the OBRLP through:
 - Utilizing recycled PAB through replacement refunding with limited restrictions which allows prepayments of mortgages to be recycled to fund new mortgage originations without using PABs;

¹ Using rural definition provided by the LIFT Competitive Funding Offering



- Issuing variable and taxable debt, then blending proceeds to provide below market rates
- Use direct recycled funds through mortgage prepayments.
- Launching a new lending program in 2023 not dependent on PAB or bond issuance, “Flex Lending” which will supplement OBRLP, and achieve similar goals to financing new mortgages.

The decision to reduce PABs for homeownership although difficult, was made in understanding that using state and local Gap funding in combination with PAB bonds that generate federal tax credits bring outside equity investment into the state to support housing development. Given the State’s critical need for affordable housing to serve low and very low income Oregonians, the agency made the strategic decision for now to use all PAB allocation on affordable rental housing. The gap resources used in combination with PAB include:

- Multifamily LIFT program funding; Article XI-Q Bonds
- Permanent Supportive Housing; Article XI-Q Bonds
- Lottery-backed bonds
- General Funds
- General Housing Account Program (derived from the Document Recording Fee)

With the increase affordable housing development and preservation funds from Legislation in 2021 and 2022, and more expected from the 2023 Legislative session given the current statewide affordable housing crisis, OHCS believes that we will continue to operate with this resource over-subscribed for several years. Recent cost volatility, from increases to construction costs, interest rate, labor costs, and insurance, have posed challenges to nearly all construction projects in the state. In order to retain project viability, OHCS and the State Legislature invested in a Market Cost Offset Fund strategy to provide needed gap funding to projects that had already been in a development pipeline and found final costs far above what had been understood at the time of application. This effort has supported the ability for over twenty projects with thousands of units to move forward and into production. In 2022 OHCS funded 39 4% LIHTC projects using \$632.2 million in PABs (see Exhibit A), leveraging over \$487 million in tax credit equity from the 4% LIHTC program, money that otherwise would not have been invested in Oregon.

In addition to the number of projects funded in 2022, OHCS has received applications from 41 projects supporting a need of \$851 million in PAB; oversubscribed twice the amount of the scarce resource available to OHCS and the State of Oregon (see again Exhibit B). Considering the burden of demand; Oregon Housing and Community Services has been engaged in continue outreach with our Business Partners, Developers and Funders on how to better serve the needs of Oregonians to invest in affordable rental housing statewide applying a unified statewide approach to how PABs allotted. This includes:



Housing PAB Issuance Updates – January 4, 2023

- OHCS working with Housing Authorities on a shared pipeline, whether resources are received directly through legislative direction or PABC request.
- OHCS making all request for affordable housing investments in partnership with Housing Authorities of Oregon beginning in 2023.
- Support development statewide.
- Uses existing resources to leverage over-subscribed resources; and
- Imbed clear accountability and performance objectives.

In addition to working with partners on investments in affordable rental housing statewide, OHCS has continued to work on strategies to maximize the Impact of each PAB dollar received and reduce the agency over-subreption dependency of PAB resources. Efforts include:

- Using a year of 9% LIHTC resources to reduce reliance on PAB;
- Commitment of gap resources to Portland Metro projects to both reduce demands on PAB and ensure project viability;
- Pilot effort to recycle short-term PAB to fund projects that do not require 4% leverage; and
- Exploring the use of 503c tax-exempt bonds to create funding strategies outside of PAB / 4% LIHTC reliance.

Simultaneously, will working on efforts to maximize the impact of every PAB dollar received, OHCS has worked to implement internal process changes to award PAB and 4% LIHTC projects. These changes include:

- Focusing on readiness to proceed and performance, holding projects accountable to identified readiness to proceed benchmarks and closing timelines; implementing efforts to mitigate unintended consequences for small and culturally specific organizations.
- Updating Program policies to 60-year affordability;
- Allocating PAB after the screening of award order with award prioritize as follows:
 - 1 - projects that are “Housing Authority Owned” projects
 - 2 - projects that have a significant amount of local funds
 - 3 – project with OHCS and/or federal funding
 - 4 – projects without any other subsidy source
- Funds award 65% Metro (Washington, Multnomah and Clackamas Co.), 35% to balance of state (any other Counties).

OHCS acknowledges that the PAB Committee faces difficult allocation decisions as PABs become constrained. We also believe that every Oregonian deserves a safe and affordable place to call home, and allocations of PABs for housing are a critical tool in pursuit of that objective. We wanted to provide the Committee on updates of the unprecedented pipeline of affordable rental housing projects; efforts by OHCS internally and externally made in the last year to make best use of every PAB dollar received and ensure that the PAB Committee has all information



Housing PAB Issuance Updates – January 4, 2023

necessary to make these decisions. OHCS always stands ready to provide any additional information necessary to inform the Committee’s work with regards to affordable housing.



Appendix A

OHCS PAB 2022 Bond Issuance

OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT
 FEDERAL VOLUME CAP - PRIVATE ACTIVITY BONDS (PAB)
 AS OF January 4, 2023

	Issue Date	2020 Multi-Family Carry Forward	2021 Multi-Family Carry Forward	2022 PABC Current Year	2022 Legislative Current Year	Total Private Activity Volume Cap Used	Total Issuance
PAB Current Year Allocation (as of 1/1/2022)							
PAB Carryforward Allocations							
Expires 12/31/23 ((remaining balance)		\$94,071,733.66	\$294,872,256.40	\$107,287,050.00	\$250,000,000.00		
Expires 12/31/24							
Housing Development Note (Stillwater Crossing), 2022 Series C	2/3/2022	(3,900,000.00)				3,900,000.00	3,900,000.00
Housing Development Note (Kentonwood), 2022 Series B	2/10/2022	(4,037,000.00)				4,037,000.00	4,037,000.00
Housing Development Bond (Fremont Manor), 2022 Series A	2/16/2022	(5,400,000.00)				5,400,000.00	5,400,000.00
Housing Development Bond (Canopy Apartments at Powell), 2022 Series D-1, D-2	2/17/2022	(32,500,000.00)				32,500,000.00	36,500,000.00
Housing Development Bond (Garden Grove), 2022 Series E	2/24/2022	(6,330,000.00)				6,330,000.00	6,330,000.00
Housing Development Bond (Good Shepherd), 2022 Series H-1, H-2	2/28/2022	(31,425,000.00)				31,425,000.00	31,425,000.00
Housing Development Note (Nueva Esperanza), 2022 Series G	3/3/2022	(10,479,733.66)	(15,879,983.34)			26,359,717.00	26,359,717.00
Housing Development Note (Aloha), 2022 Series F-1,F-2	3/30/2022		(16,680,000.00)			16,680,000.00	16,680,000.00
Housing Development Note (Oregon 4), 2022 Series I	3/31/2022		(23,895,104.00)			23,895,104.00	23,895,104.00
Housing Development Note (Minnesota Place), 2022 Series J	4/7/2022		(12,987,074.00)			12,987,074.00	12,987,074.00
Housing Development Bond (Moorehouse), 2022 Series K-1,K-2	4/14/2022		(7,870,000.00)			7,870,000.00	7,870,000.00
Mortgage Revenue Bonds (Single-Family Mortgage Program), 2022 Series AB	4/27/2022				0.00	0.00	84,900,000.00
Housing Development Bond (Tigard Senior), 2022 Series L-1,L-2	4/28/2022			(13,890,000.00)		13,890,000.00	13,890,000.00
Housing Development Bond (148th Apartments), 2022 Series M	5/19/2022			(15,500,000.00)		15,500,000.00	15,500,000.00
Housing Development Bond (Shore Pines at Munsel Creek), 2022 Series O-1, O-2	5/26/2022			(14,302,000.00)		14,302,000.00	14,302,000.00
Housing Development note (Maple Apartments, 2022 Series Q	5/31/2022		(8,404,950.00)	(28,595,050.00)		37,000,000.00	37,000,000.00
Housing Development Note (Timber Ridge), 2022 Series P	6/7/2022		(19,700,000.00)			19,700,000.00	19,700,000.00
Housing Development Note (SCM Main Street), 2022 Series R	6/16/2022		(45,150,000.00)			45,150,000.00	45,150,000.00
Housing Development Bond (Ranesiance Flats), 2022 Series S	6/17/2022		(11,980,000.00)			11,980,000.00	11,980,000.00
Housing Development Bond (Saltman Road Apartments), 2022 Series S	6/23/2022		(11,100,000.00)			11,100,000.00	11,100,000.00
Housing Development Bond (Molalla Apartments Project), 2022 Series U-1,U-2	6/30/2022		(10,512,420.00)			10,512,420.00	10,512,420.00
Housing Development Bond (Plaza Los Amigos), 2022 Series T-1,T-2	7/13/2022		(24,780,814.00)			24,780,814.00	24,780,814.00
Housing Development Bond (Nestucca Ocean), 2022 Series V	7/20/2022		(6,500,000.00)			6,500,000.00	6,500,000.00
Housing Development Note (5020 N Interstate), 2022 Series W	7/28/2022		(17,364,893.00)			17,364,893.00	17,364,893.00
Housing Development Note (Sunshine Park), 2022 Series x	8/10/2022			(3,500,000.00)		3,500,000.00	3,500,000.00
Housing Development Bond (Powellhurst), 2022 Series Z-1,Z-2	8/18/2022		(13,530,000.00)			13,530,000.00	13,530,000.00
Housing Development Bond (Lincoln City 25th Street Apartments), 2022 Series AA	8/26/2022		(19,000,000.00)			19,000,000.00	19,000,000.00
Housing Development Note (Gateway Apartments), 2022 Series Y	8/31/2022		(6,500,000.00)	(31,500,000.00)		38,000,000.00	38,000,000.00
Housing Development Note (South Hill Commons), 2022 Series CC	9/7/2022		(16,000,000.00)			16,000,000.00	16,000,000.00
Housing Development Note (Marylhurst Commons), 2022 Series DD	9/15/2022		(7,037,018.06)		(15,302,428.94)	22,339,447.00	22,339,447.00
Housing Development Bond (Stayton Apartments), 2022 Series EE	10/6/2022				(11,750,000.00)	11,750,000.00	11,750,000.00
Housing Development Bond (La Creole Townhomes), 2022 Series BB	10/20/2022				(5,965,000.00)	5,965,000.00	5,965,000.00
Housing Development Bond (Sequoia Crossing), 2022 Series FF-1,FF-2	10/26/2022				(12,200,000.00)	12,200,000.00	12,200,000.00
Mortgage Revenue Bonds (Single-Family Mortgage Program), 2022 Series CDE	10/27/2022				0.00	-	60,810,000.00
Housing Development Note (Gisan Tower), 2022 Series GG	11/22/2022				(21,783,390.00)	21,783,390.00	21,783,390.00
Housing Development Bond (27th Avenue Apartments), 2022 Series HH	12/1/2022				(15,750,000.00)	15,750,000.00	15,750,000.00
Housing Development Note (Gateway Commons), 2022 Series JJ-1, JJ-2	12/9/2022				(23,750,000.00)	23,750,000.00	23,750,000.00
Housing Development Bond (Union at Pacific Highway), 2022 Series II	12/21/2022				(29,475,000.00)	29,475,000.00	29,475,000.00
Housing Development Bond (Gateway Phase 2), 2022 Series KK Recycling	12/22/2022				0.00	0.00	11,266,072.00
Balance of PAB Allocation Available		(\$0.00)	\$0.00	\$0.00	\$114,024,181.06	\$632,206,859.00	\$793,182,931.00



Appendix B

Shared statewide pipeline approach

Scenario 1

Assuming No additional PAB is made available to Affordable Rental Housing Projects

Calendar Year	PAB Begin Balance					Bonds Issued Using PAB - Actual and Projected			PAB Ending Balance		Additional PAB Needed
	Existing Carryforward	Carryforward Allocated by PAB Committee	Total Carryforward Available in Calendar Year	Current Year Allocation	Total Carryforward & Current Year	Multi-Family Affordable Housing Projects	Oregon Bond Loan1st-time Homebuyer Mortgages	Total	Remaining Carryforward	Current Year (reverts to PAB Committee at CYE)	
2020	\$220,410,785	\$248,875,233	\$469,286,018	\$250,000,000	\$719,286,018	\$232,973,325	\$5,598,437	\$238,571,762	\$236,312,693	\$244,401,563	
2021	\$236,312,693	\$386,080,581	\$622,393,274	\$250,000,000	\$872,393,274	\$528,321,540	\$24,163,517	\$552,485,057	\$94,071,734	\$225,836,483	
2022	\$94,071,734	\$294,872,256	\$388,943,990	\$357,287,050	\$746,231,040	\$632,206,859	\$0	\$632,206,859	\$0	\$114,024,181	
2023	\$0	\$0	\$0	\$250,000,000	\$250,000,000	\$851,536,248	\$0	\$851,536,248	\$0	\$0	(\$601,536,248)
2024	\$0	\$0	\$0	\$250,000,000	\$250,000,000	\$455,403,162	\$0	\$455,403,162	\$0	\$0	(\$205,403,162)

Scenario 2

Assuming OHCS its Full Carryforward Request

Calendar Year	PAB Begin Balance					Bonds Issued Using PAB - Actual and Projected			PAB Ending Balance		Additional PAB Needed
	Existing Carryforward	Carryforward Allocated by PAB Committee	Total Carryforward Available in Calendar Year	Current Year Allocation	Total Carryforward & Current Year	Multi-Family Affordable Housing Projects	Oregon Bond Loan1st-time Homebuyer Mortgages	Total	Remaining Carryforward	Current Year (reverts to PAB Committee at CYE)	
2020	\$220,410,785	\$248,875,233	\$469,286,018	\$250,000,000	\$719,286,018	\$232,973,325	\$5,598,437	\$238,571,762	\$236,312,693	\$244,401,563	
2021	\$236,312,693	\$386,080,581	\$622,393,274	\$250,000,000	\$872,393,274	\$528,321,540	\$24,163,517	\$552,485,057	\$94,071,734	\$225,836,483	
2022	\$94,071,734	\$294,872,256	\$388,943,990	\$357,287,050	\$746,231,040	\$632,206,859	\$0	\$632,206,859	\$0	\$114,024,181	
2023	\$0	\$157,849,181	\$157,849,181	\$250,000,000	\$407,849,181	\$851,536,248	\$0	\$851,536,248	\$0	\$0	(\$443,687,067)
2024	\$0	\$0	\$0	\$250,000,000	\$250,000,000	\$455,403,162	\$0	\$455,403,162	\$0	\$0	(\$205,403,162)



Oregon Housing & Community Services

Private Activity Bond Committee

January 18, 2023



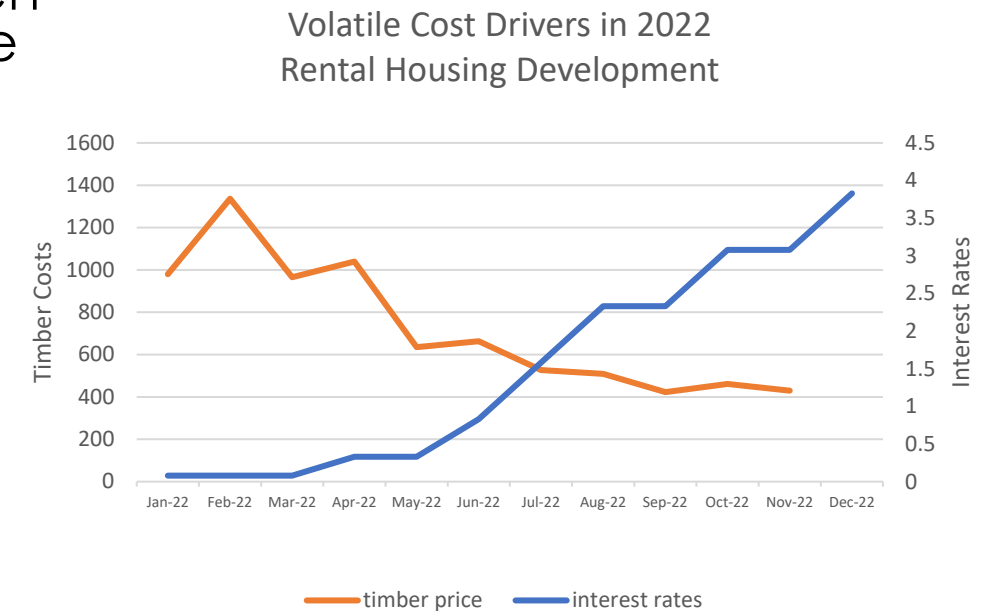
2022 PAB Resource use for 4% LIHTC Leverage

- \$632.2 M in PAB in 2022
 - Deployed to fund 3,634 units: 36 projects
 - 11 projects with 986 units in Rural Oregon
 - 25 projects with 2,649 units in Urban/Suburban Oregon
 - Brought over \$4877 M in private equity generated through the federal 4% Low Income Housing Tax Credit
- \$114.02 M in OHCS PAB returned from 2022
 - Project Timeline Slip from 4th Quarter 2022 to 1st Quarter 2023: \$30.7 M
 - Project Cost Increases Resulting in Funding Gaps for 3 projects that hope to be financed in 3rd and 4th quarter 2023.



Project Delays and Funding Gaps

- Construction Materials
 - material supply chain challenges and costs have been volatile since early 2021; lumber calmed in 2022 at the same time as interest rates increased.
- Construction Labor:
 - Bureau of Labor Statistics indicates that construction worker shortages are likely to persist into 2023; these shortages drive up costs.
- Interest Rates:
 - Dramatic Increase over 2022 which began at a fed interest rate of 0.08 and ended 2022 at 3.83.
- Insurance:
 - OHCS survey shows median insurance cost increase upwards of 40% with over a third of properties experiencing 100% insurance cost increases since 2019.
 - OHCS survey shows a mean construction insurance increase over \$465,000.



State Efforts to Ensure Project Viability

- Market Cost Offset Initiative:
 - State Legislature committed \$50 M in 2022
 - Implemented review process to ensure due diligence to solve funding gaps with other funders, through value engineering, increases to tax credit pricing
 - OHCS used these resources along with other state subsidy to fill final gaps in costs for over 24 projects in our overall pipeline; representing over 2,400 units
- Metro Bond Funding Partnership:
 - Provided METRO with forward-committed LIFT resources to leverage into Metro Bond funded projects to reduce gaps and reliance on PAB



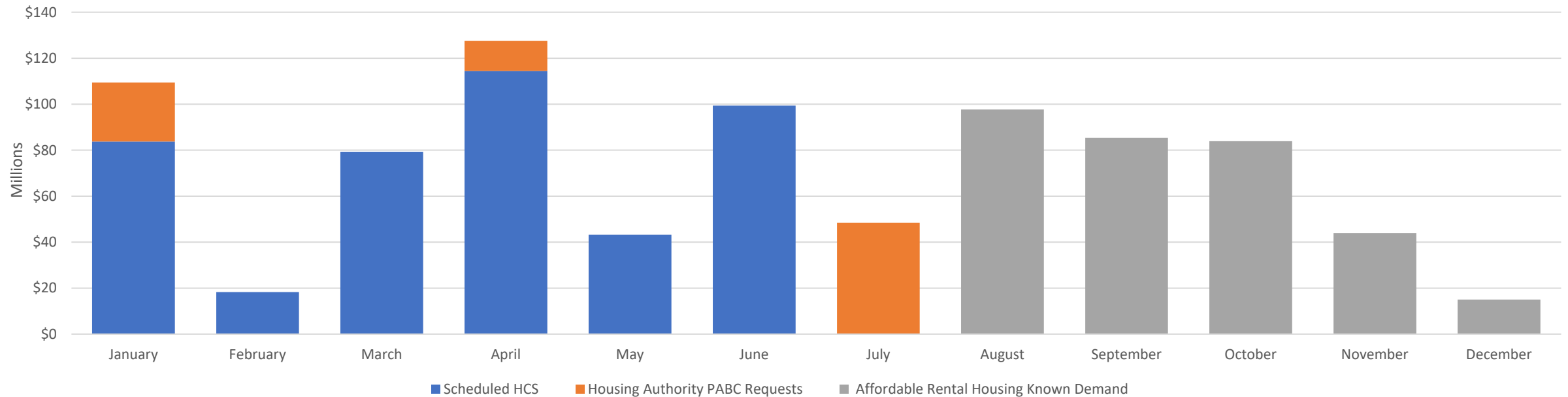
OHCS Efforts to Maximize Impact of PAB

- Homeownership / Single-Family Bond Program
 - Short-term bond to preserve recycled PAB
 - Recycling PAB
- Rental 4% LIHTC Program
 - Used a year of the 9% LIHTC resources to reduce reliance on PAB
 - Funded 7 projects with 9% LIHTC that had previously used PAB; reduced our PAB pipeline by more than \$114 M
 - Stood Up Competitive 4% LIHTC Program
 - Housing Authority Partnership
 - Priority for Locally Funded Projects
 - Priority for Culturally Specific Development Partners
 - Focus on Readiness to Proceed

*Purchased 504 loans
totaling \$151 M in Single
Family Bond Program!*



2023 Rental Housing 4% LIHTC Use & Demand



- Have accepted applications for projects ready to close in the first six months (blue)
- Have accepted Housing Authority Owned projects into our priority; three projects will be issued by Housing Authorities with requests directly to PABC (orange)
- Have additional demand for resources to close in second half of 2022 that far exceed PAB in Oregon (grey); OHCS will prioritize remaining investments to support a request for resources in the April PABC meeting



January 2023 PABC Request

- Requesting all available Carry Forward to support the calendared January – June project closings
- OHCS supporting the funding request from Home Forward at the January PABC meeting

Thank You



TAB 4 –

2023 CURRENT VOLUME CAP REQUEST

Oregon Business Development Department

EPCOR Foothills Water Project

Qualifying IRC 142(a)(7) & 142(d)

\$40,000,000

Project Presentation

Jacqueline Knights, Chair & Designee
Oregon State Treasury

Jean Gabriel, Designee
Department of Administrative Services

Dan Anderson, Public Member



PRIVATE ACTIVITY BOND COMMITTEE

350 Winter Street NE, Suite 100
Salem, OR 97301-3896
(503) 378-4930
DMD@OST.state.or.us

PRIVATE ACTIVITY BOND ALLOCATION REQUEST

ALLOCATION REQUEST TYPE

DATE: January 4, 2023

- Current Year Allocation Request
 Carry Forward Allocation Request

ISSUER DETAILS

Issuer: Oregon Business Development Department/Oregon Business Development Commission

Address: 775 Winter St NE, Suite 200

City, State, Zip: Salem, OR 97302

Contact Name: Neal Fitzgerald, Business Finance Officer

Contact Phone: 503-871-2507 Contact Email: neal.fitzgerald@biz.oregon.gov

PROJECT INFORMATION

Title of Project: EPCOR Foothills Water Project

Project Amount: \$168,300,000 Bond Amount: \$40,000,000 Request Amount: \$40,000,000

Sale Date: Q3 2023 Closing Date: Q3 2023

IRC Section & Paragraph Applicable to Qualifying Private Activity Bond Project (*if selecting 'Other', specify below*):

Other

142(a)(5) sewage facilities and/or 142(a)(6) solid waste disposal facilities

Please describe the project:

The EPCOR Foothills Water Project (the "Project") involves the development of a new, state-of-the-art wastewater treatment facility to accelerate compliance with more stringent National Pollutant Discharge Elimination System permit requirements in order to enhance water quality in the Willamette River Basin, the largest watershed in Oregon. The new plant will serve a population of approximately 50,000 in Clackamas County and Multnomah County through a P3 partnership with EPCOR USA Inc. This is the first known P3 partnership in the state to develop a publicly owned wastewater treatment facility. The applicant is EPCOR Foothills Water Project, Inc. ("EFWP"), a Delaware corporation licensed to do business in Oregon, formed for the single purpose of pursuing and operating the Project. EPCOR will design, build, finance, operate, and maintain the new facility. EFWP is a wholly owned subsidiary of EPCOR USA Inc. EPCOR and EPCOR USA own and operate electrical, natural gas and water transmission and distribution networks, water and wastewater treatment facilities, sanitary and storm water systems, and infrastructure in the United States and Canada.

The Project will replace the Tryon Creek Wastewater Treatment Plant ("TCWTP") located at the confluence of Tryon Creek and the Willamette River in Lake Oswego. The TCWTP was constructed in 1964, expanded in 1976, and modified in 2003 and is owned by the City of Portland and operated by the Portland Bureau of Environmental Services. The TCWTP is intended to be replaced by a new wastewater treatment plant to be constructed adjacent to the existing TCWTP site. The new facility will be operated by EFWP and owned by the City of Lake Oswego. The Project is a priority for both the City of Portland and City of Lake Oswego who have signed an Interim Intergovernmental Agreement to procure and contract with EFWP to design, build, finance, operate, and maintain the new facility. Project design began in May 2021 with construction anticipated to begin in 2023, and completion estimated in December 2024.

On February 3, 2022 the OBDD Finance Committee approved a Resolution for Project Eligibility and Declaration of Intent for Industrial Development Bond ("IDB") Financing for the Project and committed \$31.6MM of agency 2022 allocation as part of the proposed \$77.6MM bond issue for the Project. On December 15, 2021, OBDD submitted a Private Activity Bond Allocation Request Form in the amount of \$46MM for the Project to the Private Activity Bond Committee ("PABC") and anticipated formally requesting the PABC 2022 current year volume cap allocation in Q3 or Q4 2022 depending on the final timeline to issue the bonds. The remaining 2022 agency allocation of \$8MM was committed to another IDB project under the Express Bond Program that was targeting a Q2 2022 bond close. Together these two projects fully exhausted OBDD's agency allocation for calendar year 2022. Subsequently in 2022 OBDD received IDB applications in an amount that will fully commit OBDD's 2023 agency allocation.

In August 2022, OBDD was advised that the Express Bond application was withdrawn and OBDD committed this \$8MM to the EPCOR Project bringing OBDD's 2022 agency allocation to the Project to \$40MM. In Q4 2022, OBDD was advised that the Project timeline for the EFWP Project needed to be **+**

Expected Number of Family Wage Jobs Created/Saved: 9

Describe how the project meets statutory standards:

The Project is an eligible Economic Development Project, eligible for economic development revenue bond financing under ORS 285B.323 and OAR 123-011-0035(2)(a)(O) as management of waste.

HOUSING PROJECT INFORMATION, if applicable

Expected Number of Resulting Housing Units:

Describe how the affordability status of housing units was determined:

If project qualifies for 4% low income housing tax credit (LIHTC), submit a [Low Income Housing Tax Credit Uses & Sources](#) (see sample).

N/A Has either a pre-application package or a final application package been submitted to [Oregon Housing & Community Services for 4% LIHTC?](#)

PRINCIPAL USER OF ISSUE PROCEEDS, if different from Issuer

Company: EPCOR Foothills Water Project Inc.
Address: 2355 West Pinnacle Peak Road, Suite 300
City, State, Zip: Phoenix, AZ 85027
Contact Name: Joseph Gysel, President
Contact Phone: 623-445-2458 Contact Email: jgysel@epcor.com

BOND COUNSEL

Firm Name: Hawkins Delafield & Wood LLP
Address: 200 SW Market Street
City, State, Zip: Portland, OR 97201
Contact Name: Carol Juang McCoog
Contact Phone: 503-402-1323 Contact Email: cmccoog@hawkins.com

*Requests must be received by Oregon State Treasury – Debt Management Division (contact details on page 1) **at least 2 weeks prior to a scheduled Private Activity Bond Committee meeting and must include a non-refundable \$200 application fee** payable to the Office of the State Treasurer with “PAB” in the memo field. Payments by wire are preferred; wire instructions can be provided by fax or phone.*



Business Oregon Update on Industrial Development Bonds (IDB)

2023 Volume Cap Application

- The Business Oregon Finance Committee (“FC”) approved a Resolution for Project Eligibility and Declaration of Intent for IDB Financing for EPCOR in February 2022
 - In 2022, Business Oregon approved two projects totaling \$40MM of agency 2022 allocation, one withdrew, and the other was unable to meet a year end close. As such, Business Oregon returned \$40MM from the IDB program and \$1MM from the Aggie Bond program to the PABC
 - The original EPCOR application was for an amount not to exceed \$77.6MM consisting of \$31.6M of 2022 Business Oregon IDB Allocation and a request for \$46MM PAB 2022 allocation. Business Oregon provided an overview of this project to PABC in 2022.
 - Initially bond closing for the EPCOR project was anticipated in Q3/Q4 2022. This timeline has been extended and currently EPCOR and the City continue to complete:
 - the public due diligence, approval, and site acquisition processes as detailed in the P3 agreement
 - review and assess macro issues such as increased cost of capital, etc. related to the project
- EPCOR
 - Business Oregon has applied to PABC on behalf of EPCOR for 2023 CY PAB allocation in the amount of \$40MM.
 - At this time, the project is not far enough along to make a formal request to PABC to commit CY PAB allocation, and we would request that consideration be tabled until Q2 or until such time in 2023 that the City completes its approval process and land acquisition is substantially finalized.
 - We have discussed having EPCOR and representatives from the City of Lake Oswego and Morgan Stanley available to present in greater detail about the project, the approval process, and any other questions related to the status of the bond close/sale.
- Project Summary
 - This project is a P3 partnership between EPCOR, the City of Lake Oswego, and the City of Portland to construct a new sewage and water treatment facility. As the treatment facility provides a critical public service, the Project is a priority for both the City of Portland and City of Lake Oswego, as well as surrounding Counties.
 - Qualifies as an exempt facility
 - Public/Environmental benefits include:
 - State-of-the-art water treatment technology and higher quality treated water returned to the Willamette River

- Greater climate / seismic resiliency; energy efficient
- Smaller footprint that enables riverfront property to be restored for future use
- EPCOR and the City of Lake Oswego are still working through their public approval process which is now estimated to be concluded in mid-2023
- The City of Lake Oswego is negotiating the acquisition of the land that the facility will be constructed on and has shared that they expect that to be completed by around mid-2023
- EPCOR remains confident that the City of Lake Oswego will approve the treatment facility and the P3 arrangement later this year

2023 Business Oregon Volume Cap

- Received an application for Aymium, an exempt facility that will be producing bio-char and will be exporting their products internationally.
 - The project is located in Millersburg and proposes to create 40+ jobs above the average median wage for the county
 - In August, the FC approved the project for up to \$40MM of 2023 volume cap and this project is on track to close in early 2023 which will use entire department allocation of volume cap
 - Began meeting with bond counsel to work with them on a Q1/Q2 close of this project that will use the balance of Business Oregon's legislatively appropriated 2023 volume cap
- At our last FC meeting, there was discussion about establishing preferences for volume cap as we continue to move forward with the unprecedented demand to support affordable housing needs across the state.
 - Staff at Business Oregon will be developing preference and working with the FC to publish those in 2023 to be used on projects identified that are requesting 2024 volume cap
 - Look to focus on projects that:
 - Providing wages at or above the median statewide income
 - Located in or draw workforce from rural communities
 - Are engaged in one of Oregon's key industries
 - Metals MFG
 - Food & Beverage
 - Forestry and Wood products
 - High Technology
 - Outdoor Gear & Apparel

TAB 5 –

2023 VOLUME CAP REQUEST

Home Forward

Grace Peck Terrace

Qualifying IRC 142(a)(7) & 142(d)

\$23,440,000

Project Presentation

Jacqueline B. Knights, Chair &
Designee Oregon State Treasury

Renee A. Klein, Designee
Department of Administrative Services

Theresa K. Deibele, Public Member



PRIVATE ACTIVITY BOND COMMITTEE

867 Hawthorne Ave SE
Salem, OR 97301-5241
(503) 378-4930
dmd@ost.state.or.us

PRIVATE ACTIVITY BOND ALLOCATION REQUEST

ALLOCATION REQUEST TYPE

DATE: 1/4/2023

- Current Year Allocation Request
 Carry Forward Allocation Request

ISSUER DETAILS

Issuer: Home Forward
Address: 135 SW Ash St.
City, State, Zip: Portland, OR 97204
Contact Name: Theresa Auld
Contact Phone: 503-869-6550 Contact Email: Theresa.Auld@HomeForward.org

PROJECT INFORMATION

Title of Project: Grace Peck Terrace
Project Amount: \$45,280,953 Bond Amount: 23,440,000 Request Amount: 23,440,000
Sale Date: 3/28/2023 Closing Date: 3/28/2023

IRC Section & Paragraph Applicable to Qualifying Private Activity Bond Project (*if selecting 'Other', specify below*):

Residential rental projects (IRS 142(a)(7) & 142(d))

Please describe the project:

Grace Peck Terrace is a single buildings built in 1980 in the Irvington neighborhood of inner Northeast Portland. It's address is 1839 NE 14th Ave., Portland OR 97212. Grace Peck Terrace is a community of senior and/or disabled households in 95 1-bedroom apartments. All households must earn less than 60% of area median income (AMI) at move-in to the property. All 95 apartments have Section 8 project-based rental assistance.

Home Forward is requesting \$23,440,000 in current year bond volume cap to support this \$45.3 million project. Home Forward will issue bonds for a total bond loan of \$24,940,000 including \$23,440,000 tax-exempt (this request) and a \$1,500,000 taxable tail to provide additional funds during construction.

Home Forward plans to issue the bonds in March 2023 and start renovations shortly thereafter. Renovations will focus on system upgrades and replacing the exterior envelope including siding and roof. The renovations are expected to take 14 months and complete in June 2025. We will need to relocate residents from the construction areas, which will progress through the building. We have accumulated a number of vacant units through attrition to help with construction and the necessary on-site moves. There may be a few off-site moves for reasonable accommodation requests or construction purposes.

Expected Number of Family Wage Jobs Created/Saved: 4

Describe how the project meets statutory standards:

The development of this project relies upon financing that includes 4% low income housing tax credits, tax exempt bond financing with an allocation of volume cap, and other conventional financing sources. This project would not be able to proceed without each of these financing sources. At least 50% of the aggregate basis of this project will be financed with tax-exempt bonds supported with a volume cap allocation. Home Forward is authorized under ORS 456.12 0(19) to issue bonds for financing this type of project and expects to issue bonds supported by a Current Year allocation in March 2023.

HOUSING PROJECT INFORMATION, if applicable

Expected Number of Resulting Housing Units: 95

Describe how the affordability status of housing units was determined:

All units of this low-income housing project will be restricted to serve households at or below 60% of median family income. Covenants that specify income and rent restrictions will be recorded against the property for the low-income housing tax credit program for at least 30 years and in the Regulatory Agreement for bond financing. Additionally, the rental subsidy will support tenant households with extremely low income.

If project qualifies for 4% low income housing tax credit (LIHTC), submit a [Low Income Housing Tax Credit Uses & Sources](#) (see sample).

Yes Has either a pre-application package or a final application package been submitted to [Oregon Housing & Community Services for 4% LIHTC?](#)

PRINCIPAL USER OF ISSUE PROCEEDS, if different from Issuer

Company: GPT Limited Partnership

Address: 135 SW Ash St. Fifth Floor

City, State, Zip: Portland OR 97204

Contact Name: Theresa Auld

Contact Phone: 503-869-6550 Contact Email: Theresa.Auld@HomeForward.org

BOND COUNSEL

Firm Name: Foster Garvey PC

Address: 1111 Third Avenue, Suite 3000

City, State, Zip: Seattle, WA 98101

Contact Name: Allison Schwartzman

Contact Phone: 206-447-6406 Contact Email: A.Schwartzman@foster.com

*Requests must be received by Oregon State Treasury – Debt Management Division (contact details on page 1) **at least 2 weeks prior to a scheduled Private Activity Bond Committee meeting and must include a non-refundable \$200 application fee payable to the Office of the State Treasurer with “PAB” in the memo field. Payments by wire are preferred; wire instructions can be provided by fax or phone.***



December 22, 2022

VIA ELECTRONIC TRANSMISSION

Jacqueline Knights
Private Activity Bond Committee
Oregon State Treasury
867 Hawthorne Ave SE
Salem, OR 97301-5241

RE: 2023 Private Activity Bond Volume Cap – Current Year Request for
Home Forward – Grace Peck Terrace (GPT) Renovation

Dear Jacqueline Knights and Committee Members,

Home forward respectfully submits this request to the Private Activity Bond Committee (the “Committee”) for a current year 2023 allocation of Private Activity Bond Volume Cap of \$23,440,000 to finance the renovation of the Grace Peck Terrace. The allocation of Private Activity Bond Volume Cap is a critical element of the financing plan for preservation of this housing.

The property will be owned by GPT Limited Partnership, of which Home Forward will serve as general partner and as issuer of the bonds pursuant to the authority granted in ORS 456.120(18) and (19). Home Forward will manage the renovation scope and construction, financing and when construction is complete, asset manage the development.

Grace Peck Terrace Renovation Summary:

Developer: Home Forward
PAB Issuer: Home Forward
Ownership: GPT Limited Partnership. Home Forward will be the sole general partner.
Description: Grace Peck Terrace apartments is renovation of one six-story building located at 1839 NE 14th Avenue in Portland’s Irvington neighborhood. The building includes resident community spaces and 95 units of affordable housing serving households at or below 60% AMI. All residential unit currently have and will retain project-based Section 8 rent assistance. This development will be leveraged with tax exempt bonds, 4% Low Income Housing Tax Credits (LIHTC), Oregon Affordable Housing Tax Credits (OAHTC), and private debt and equity.

Financing:

Total Project Costs: \$45,280,953
PAB Need: \$23,440,000

Schedule:

Bond Sale Date: 3/28/2023
Closing Date: 3/28/2023

Background and Description:

Home Forward has owned and operated Grace Peck Terrace since it was constructed in 1980. Home Forward is on schedule for a financial closing in late March 2023. Home Forward will preserve this subsidized housing by leveraging Private Activity Bonds, 4% LIHTC and OAHTC with conventional construction and permanent debt and Home Forward sources. Home Forward has applied to HUD for approval to transfer the physical assets and rent assistance to GPT Limited Partnership to renovate and preserve the 95 subsidized residential units. We anticipate receiving HUD's approval in March 2023.

We enclose OHCS's PAB acceptance letter received after submitting pre-application and full applications for 4% LIHTC. Home Forward's Board of Commissioners approved the enclosed amended and restated bond inducement resolution at its September 20, 2022 meeting. We are also enclosing the Project sources and uses and bond counsel letter to round out this application.

When completed Grace Peck Terrace will be 100% LIHTC housing and restricted to households earning 60% AMI or less. The project based rental subsidy makes this property affordable to households with extremely low income.

The development team consists of Walsh Construction and Holst Architecture. Home Forward has worked with both partners on previous affordable housing developments, including occupied renovations.

Key Milestones and Schedule:

We anticipate finalizing our selection of financial partners for equity and debt this month.

The upcoming project milestones are as follows:

January 2022	Construction bidding review
February 2023	Building permits received
February 2023	Set Construction Contract Price
February 2022	Receive LIHTC reservation letter from OHCS
March 2023	Obtain Board of Commissioner approvals and resolutions
March 2022	Financial closing
March 2022	Construction begins

Closing:

Enclosed with this letter is a Private Activity Bond Allocation Request Form and supportive documents that provide further detail in support of this request.

Enclosures include:

- 1) Private Activity Bond Volume Cap Allocation Request Form
- 2) Project Sources and Uses
- 3) Amended and Restated Bond Inducement
- 4) Bond Counsel Letter
- 5) OHCS PAB Acceptance Letter

Grace Peck Terrace's renovation will be leveraged with tax exempt bonds, 4% LIHTC, OAHTC, and other sources. This property will be affordable to households earning 60% or less of AMI for at least 60 years.

We appreciate the Committee's long-standing support of Home Forward and its affordable rental developments.

Warmest regards,

Theresa Auld
Finance Manager

cc: Ivory N. Mathews, Home Forward
Jonathan Trutt, Home Forward
Natasha Detweiler, OHCS
Allison Schwartzman, Foster Garvey

Issuer: Home Forward

Project Name: Grace Peck Terrace (GPT) Renovation

Location: 1839 NE 14th Ave. Portland, Oregon 97212

Date: 12/22/2022

Sources	Construction	Permanent
Tax Exempt Bond Financing	23,440,000	15,490,000
Taxable Bond Financing (Taxable Tail)	1,500,000	-
Tax Credit Equity	2,569,622	17,130,813
Home Forward Sponsor Financing	6,088,655	3,828,236
Home Forward Seller Financing	7,000,000	7,000,000
Home Forward Equity	100	100
Deferred Developer Fee	4,682,576	1,831,804
Total	45,280,953	45,280,953

Uses	Total Project Costs	Per Unit	Per Sq. Ft.
Land	3,514,950	36,999	51
Building (Acquired Improvements)	9,002,087	94,759	131
Construction	19,177,263	201,866	279
Soft Costs	-	-	-
Development Costs	810,710	8,534	12
General Fees	7,338,285	77,245	107
Financing	1,148,935	12,094	17
Construction Period Interest	2,057,733	21,660	30
Relocation	1,260,000	13,263	18
Reserves and Contingencies	970,990	10,221	14
Total	45,280,953	476,642	659

	Total	Cash Paid Fee	Deferred Fee
Developer Fee	5,246,908	3,415,104	1,831,804
Consultant Fee	-	-	-
Aggregate Fees	5,246,908	3,415,104	1,831,804

PAB Volume Cap Requested	23,440,000
Estimated Tax Credit Basis and Land	42,611,660
PAB Volume Cap / Basis	55%



MEMORANDUM

To: Board of Commissioners

Date: September 20, 2022

From: Jonathan Trutt, Director,
Development and Community
Revitalization

Subject: Declaring an Intent to Issue Bonds
for Grace Peck Terrace Project
Resolution 22-09-04

Theresa Auld, Finance Manager,
Development and Community
Revitalization

The Board of Commissioners is requested to approve a resolution that declares Home Forward's intention to issue and sell bonds in a principal amount not to exceed \$25,000,000 to finance the acquisition, rehabilitation, and equipping of Grace Peck Terrace, as further described below.

This action supports Strategic Plan Goal, One Portfolio: Our real estate is stable for generations to come and meets the needs of the people and neighborhoods it serves.

BACKGROUND

The Board of Commissioners previously adopted Resolution 21-10-03 on October 19, 2021, declaring Home Forward's intent to issue up to \$20,000,000 of revenue bonds, the proceeds of which would be used to make a loan to a limited partnership (the "Borrower") to finance the acquisition, rehabilitation, and equipping of Grace Peck Terrace. Grace Peck Terrace is located at 1839 NE 14th Avenue, in Portland, Oregon. Passage of such "intent" resolutions is a standard procedure, required by the Internal Revenue Service, for all projects planning to utilize federal 4% Low Income Housing Tax Credits and tax-exempt bonds.

OVERVIEW

Since the date of adoption of Resolution 21-10-03, Grace Peck Terrace's estimated construction cost has increased. Home Forward currently anticipates that the Borrower will request that Home Forward issue and sell revenue bonds in an amount up to \$25,000,000 for the purpose of making a loan to the Borrower to finance Grace Peck Terrace's renovations.

Passage of Resolution 22-09-04 does not obligate Home Forward to sell bonds for the Grace Peck Terrace renovations. Staff will seek separate board authorization in 2023 for a bond sale, in conjunction with the start of construction. The estimated increase in Grace Peck Terrace's construction costs necessitates the passage of this resolution.

CONCLUSIONS

Home Forward staff requests that the Board of Commissioners authorize the Executive Director or her designee to approve the issuance and sell of bonds in a principal amount not to exceed \$25,000,000 to finance the acquisition and rehabilitation of Grace Peck Terrace.

Staff presented a draft of this memo and resolution to the Real Estate and Development (READ) Committee at its August 5, 2022 meeting.



RESOLUTION 22-09-04

RESOLUTION 22-09-04 AUTHORIZES DECLARING AN INTENT TO ISSUE NOT TO EXCEED \$25,000,000 OF REVENUE BONDS FOR THE GRACE PECK TERRACE PROJECT

WHEREAS, Home Forward is a public body corporate and politic of the State of Oregon and is empowered by ORS 456.005 to 456.235 (the “Act”) to issue revenue bonds for the purpose of financing housing projects; and

WHEREAS, Home Forward intends to form one or more Oregon limited partnerships of which Home Forward will be the general partner (the “Borrower”) to finance the acquisition, rehabilitation and equipping of an approximately 95-unit apartment complex located at 1839 NE 14th Avenue, in the City of Portland, Oregon, all to provide housing for low-income persons (the “Project”), the estimated cost of which is currently not expected to exceed \$44,530,000; and

WHEREAS, the Board of Commissioners of Home Forward previously adopted Resolution 21-10-03 declaring Home Forward’s intention to issue revenue bonds in an amount up to \$20,000,000 to finance the Project; and

WHEREAS, the anticipated cost of the Project has increased since the date of adoption of Resolution 21-10-03; and

WHEREAS, Home Forward anticipates that the Borrower will request that Home Forward issue and sell its revenue bonds (the “Bonds”), in an aggregate amount not to exceed \$25,000,000 pursuant to the Act to assist the Borrower in financing part of the costs of the Project; and

WHEREAS, Home Forward desires to provide such assistance, if certain conditions are met; and

WHEREAS, the use of the proceeds of the sale of the Bonds by the Borrower will permit the Borrower to finance the Project, thereby providing decent, safe, and sanitary housing for persons and families of lower income (as defined in the Act) for a period of not less than 15 years and otherwise promoting the general health and welfare of the inhabitants within the

jurisdictional limits of Home Forward; and

WHEREAS, Home Forward deems it necessary and advisable that it take such action as may be required under the Act to authorize and issue the Bonds in one or more series to finance part of the cost of the Project in a total amount not to exceed \$25,000,000; and

WHEREAS, Treasury Regulations Sections 1.103-8(a)(5) and 1.142-4(b) provide that, if an expenditure for an exempt facility is made before the issue date of the bonds issued to provide financing for that facility, in order for such expenditure to qualify for tax-exempt financing, the issuer must declare an official intent under Treasury Regulations Section 1.150-2 to reimburse such expenditure from the proceeds of those bonds, and one of the purposes of this resolution is to update the declaration set forth in Resolution 21-10-03 to satisfy the requirements of such regulations.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF HOME FORWARD, as follows:

1. To assist in the financing of the Project, with the public benefits resulting therefrom, Home Forward declares its intention, subject to the conditions and terms set forth herein, to issue and sell its revenue bonds or other obligations (the "Bonds") in a principal amount of not to exceed \$25,000,000, to use the proceeds of the sale of the Bonds to make a loan (the "Loan") to the Borrower, and to reimburse itself or to permit the Borrower to reimburse itself, as applicable, from proceeds of the Bonds for expenditures for the Project made by Home Forward or the Borrower before the issue date of the Bonds.

2. The proceeds of the Bonds will be used to assist in financing the Project, and may also be used to pay all or part of the costs incident to the authorization, sale, issuance and delivery of the Bonds.

3. The Bonds will be payable solely from sources specified by resolution of the Board of Commissions of Home Forward. The Bonds may be issued in one or more series, and shall bear such rate or rates of interest, payable at such times, shall mature at such time or times, in such amount or amounts, shall have such security, and shall contain such other terms, conditions and covenants as shall later be provided by resolution of the Board of Commissioners of Home Forward.

4. The Bonds shall be issued subject to the conditions that (a) Home Forward, the Borrower and the purchaser of the Bonds shall have first agreed to mutually acceptable terms

for the Bonds and the sale and delivery thereof and mutually acceptable terms and conditions of the loan or other agreement for the Project, and (b) all governmental approvals and certifications and findings required by laws applicable to the Bonds first shall have been obtained. The Executive Director of Home Forward or his or her designee is authorized to seek an allocation of volume cap for the Bonds from the Private Activity Bond Committee of the Debt Management Division of the Oregon State Treasury.

5. For purposes of applicable Treasury Regulations, Home Forward and the Borrower are authorized to commence financing of the Project and advance such funds as may be necessary therefor, subject to reimbursement for all expenditures to the extent provided herein out of proceeds, if any, of the issue of Bonds authorized herein.

6. The adoption of this resolution does not constitute a guarantee that the Bonds will be issued or that the Project will be financed as described herein. The Board of Commissioners of Home Forward shall have the absolute right to rescind this resolution at any time if it determines in its sole judgment that the risks associated with the issuance of the Bonds are unacceptable.

7. It is intended that this resolution shall constitute a declaration of official intent to reimburse expenditures for the Project made before the issue date of the Bonds from proceeds of the Bonds, for the purposes of Treasury Regulations Sections 1.103-8(a)(5), 1.142-4(b), and 1.150-2.

8. Any actions of Home Forward or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

9. Any action required by this resolution to be taken by the Executive Director of Home Forward may in the absence of such person be taken by the duly authorized acting Executive Director of Home Forward.

10. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED: SEPTEMBER 20, 2022

Attest:



Ivory N. Mathews, Secretary

Home Forward:



Damien R. Hall, Chair



1111 Third Avenue
Suite 3000
Seattle, WA 98101

Main: 206.447.4400
Fax: 206.447.9700
foster.com

Direct Phone: 206.447.6406
Fax: 206.749.1962
a.schwartzman@foster.com

December 22, 2022

Ms. Theresa J. Auld
Finance Manager
Development & Community Revitalization
Home Forward
135 SW Ash Street
Portland, Oregon 97204

Re: Request for Allocation of Private Activity Bond Volume Cap – Grace Peck Terrace

Dear Ms. Auld:

This letter is intended to satisfy the requirement of the Debt Management Division for a letter from Home Forward’s bond counsel describing the need for a private activity bond cap allocation for the Grace Peck Terrace project and confirming Home Forward’s ability to use such an allocation.

The Grace Peck Terrace project is expected to include the acquisition, rehabilitation and equipping of an 95-unit apartment complex located at 1839 NE 14th Avenue in Portland, Oregon in Portland, Oregon, to provide housing for low-income persons. In general with such projects, conventional financing either is not available to cover the entire cost of the project, or is too expensive for the project to bear, or both, and many other funding sources are required, including in many cases the so-called “4%” low income housing tax credit.

The financing for the Grace Peck Terrace project will fit this pattern, and 4% low income housing tax credit equity will be an essential part of the financing package for the project. The 4% tax credits are available only to projects in which at least 50% of the aggregate basis of the land and buildings constituting the project is financed with tax-exempt bonds. *See* Section 42(h) of the Internal Revenue Code of 1986, as amended (the “Code”). Bonds issued to finance the acquisition, rehabilitation and equipping of the Grace Peck Terrace project will be deemed private activity bonds under Section 142(d) of the Code. Thus, it is essential that Home Forward receive an allocation of volume cap with respect to the project to enable the owner of the project to obtain the low income housing tax credit equity necessary to finance the project.

Ms. Theresa Auld
December 22, 2022
Page 2

Home Forward is authorized under ORS 456.120(18) to lend money to a partnership to finance, plan, undertake, construct, acquire, manage or operate a housing project, and under ORS 456.175 to issue bonds for any of its corporate purposes. Hence, Home Forward has the ability to issue tax-exempt bonds for the Grace Peck Terrace project if an allocation is granted.

I hope this satisfies your requirements. Please let me know if you have any questions or if you need additional information.

Sincerely,



Allison C. Schwartzman



725 SUMMER STREET NE, SUITE B | SALEM, OR 97301
503-986-2000 | www.oregon.gov/OHCS

12/14/2022

Home Forward
Attn: Theresa Auld
135 SW Ash St. Portland, 97204

Re: Grace Peck Terrace

Dear Theresa:

Conduit Bonds:

January 18, 2023, the Private Activity Bond Committee of the State of Oregon will meet in a public meeting to consider requests for private activity volume cap allocations under the Internal Revenue Code of 1986, as amended (the "IRC"), Oregon Revised Statutes Chapter 286A.605 to 286A.645, and Oregon Administrative Rule 170-071-0005.

Grace Peck Terrace a "qualified project" is eligible to receive a contingent allocation to finance the development and construction of multifamily rental housing located at 1839 NE 14th Ave, Portland. The total estimated cost of the project to be financed with the proceeds of Bonds is expected not to exceed \$25,619,000 {\$23,290,000 + 10% inflation factor}. OHCS reserves the right to not approved any additional volume cap allocation to this project over and above the amount listed herein.

This letter does not serve as commitment to allocate bonds or tax credits to this Grace Peck Terrace. The bonds will be formally reserved by OHCS Housing and Stability Council upon the receipt and approval of all applicable competitive OHCS Application requirements, contingent upon a PAB allocation from OTS' PAB Committee.

4 % Low Income Tax Credits (competitive):

OHCS has received and reviewed your application for Low Income Tax Credits for Grace Peck Terrace. Based on the information received, the request for an annual allocation is expected not to exceed \$1,925,003 in competitive 4% Low Income Tax Credits is supported. The 4% LIHTCS will be formally reserved by OHCS Finance Committee upon the receipt and approval of all applicable OHCS competitive application requirements.

OHCS is committed to continue to work with you, your lender, and equity investor and for the successful closing of the Grace Peck Terrace transaction.

Please feel free to contact me if there are any questions or if I can be of assistance. I can be reached at (503) 971-720-3776 and by email at tai.dunson-strane@oregon.gov



Sincerely,

Tai Dunson-Strane

Tai Dunson-Strane
Production Manager
Oregon Housing and Community Services

Applicants and all projects receiving Credit Reservations or Allocations must comply with applicable provisions of the Code, specifically Section 42 of the Code, together with applicable provisions of IRS and Treasury regulations, guidance and rulings, the OARs, the Manual, and Directives, and related Program documents (collectively, Program Requirements).