



Rulemaking Engagement Record

Oregon Affordable Housing Tax Credit (OAHTC)

Jaci Davis

Oregon Housing and Community Services

Last Updated: February 12, 2026

Finalized Date:



Table of Contents

Table of Contents.....	2
Rules Notices.....	3
Oregon Affordable Housing Tax Credit (OAHTC)	4
Engagement Summaries.....	5
Rules Advisory Committee	5
Rules Public Hearings.....	9
Rules Engagement Materials and Meeting Transcript	10
Participants Agenda	11
Slides	12
Meeting Transcript	12
Appendix	36
ALL OTHER PUBLIC COMMENTS	37

Rules Notices



OREGON AFFORDABLE HOUSING TAX CREDIT (OAHTC)

[Temporary Rule Order](#) (filed 10/09/2025)

[Notice of Proposed Rulemaking](#) (filed 1/30/2026)

Permanent Rule Order

Rules public notice link: [Oregon Housing and Community Services :
Administrative Rules : Get Involved : State of Oregon](#) (see Rule filings)

Engagement Summaries



The Affordable Rental Housing Division hosted a rules advisory committee (RAC) on January 20, 2026 at 10 am virtually on Teams Webinar. The RAC consisted of members of housing authorities, CDFIs and rental housing developers, and other key impacted community members. See full list below. During this hour long meeting the OHCS team led a discussion beginning with reviewing the proposed changes and then soliciting feedback on the drafted rule filing impact statements. The feedback is included below and that feedback informed the department's reporting within the Notice of Proposed Rulemaking.

Meeting facilitators: Jaci Davis, Rachel Pallatin and Martin Jarvis

Rule Advisory Committee Members:

1. Liz Winchester, Housing Development Center
2. Kevin Cronin, Housing Oregon
3. Erik Pattison, Network for Oregon Affordable Housing
4. Keith Wooden, Housing Works
5. Lisa Rogers, CASA of Oregon
6. Dan Bryant, Square One Village
7. Erika Silver, Native American Youth and Family Center

Rules advisory committee feedback received:

Fiscal Impact Statements

Joni (40:10) - Elevate financial burdens? Just seems a little wonky.

Is that just like making the agency know that projects are struggling? So that's just a little unclear and actually there is a positive potential impact of the government to the extent that you know right size incorrect. The size of loans for projects, you're reducing the risk of loss of the housing and even loss of subsidies that have already gone into the into the projects and I think that's a pretty big impact.

Erik - it also could reduce the necessity of additional funding going into projects.

Erik (53:43): late thought, but just thinking about the public and what Kevin was saying earlier about the rent pass through requirement. It does have a potential impact on tenants, right? Like that it doesn't actually discount the rents.

Joni: for existing residents that stay in place, there's no impact, but for new residents coming in, they'll be coming in a market rate. So there'll be a a loss of those lower income units over time as a practical impact.

Joni: That's where you're gaining revenue going forward, which means from a market standpoint, there are fewer lower rent units available.

Small Business impact statements

#2 adversely impact on small business (42:11)

Erik: you're reaching out to small businesses like nonprofits, Community Action agencies and whatever, so it will have an impact on those folks, right? Like helping stabilize their portfolios, things like that.

#3 estimate the number of small businesses impacted (42:33)

Joni: you're including nonprofits, you know within the definition of small businesses, then yes, there's impact with OHTCS.

Jaci: Some of the housing authorities, nonprofits, even some of the local developers or landlords and things like that, that we work with some of those organizations that aren't really outwardly seen as small business, but the way that the definition defines this for our rules purposes is an organization with 50 or less.

Kevin: housing authorities like Homes for good home, Ford, Washington, Clackamas and Salem has, I think 56 employees now, so anything smaller than that, I would just put all those housing authorities in there. So I think there's 22, so what is it 5 - 22? That's at least 17. And then you start adding in a bunch of smaller sponsors and things like that, would say there's probably 150.

Joni: I'm just thinking of some of the resident owned coops as well. Some of the manufactured home parks.

Martin: We will update that.

Cost of Compliance/ Administrative impact statements

#4 administrative activities required for compliance, including costs of professional services (45:46)

Joni: on the asset management side, you know, getting rid of pass through actually, you know, reduces the administrative burden would be my assumption.

Erik: Noah is a cdfi and in our role we're also available for technical assistance. That's something we're supposed to do.

Liz: I know that some of the local voucher programs are not guaranteed to last as long as the loans. so if that voucher program sunsets, for example, 10 years into an OHTC loan, and the project isn't, would the project continue to be

eligible? because it had had the vouchers once. Those vouchers sunset or will that eligibility go away and they'll have to start demonstrating pass through?

Martin: My answer without this is may be subject to change, but the way we would normally do it is we would accept the status from whatever it was when we recorded the declaration versus you know if it was passed or exempt it stays passed through exempt once it's recorded as such because that's in the declaration. yeah, they would maintain their exemption. They wouldn't have to suddenly pass through the savings 10 years in, though. I'm going to make a note of that and make sure that's clear in in the manual.

Program/Rule text feedback

Kevin (24:43) using the not necessarily lowering rents as part of the past through process, but really making sure that we lower the interest rate for properties going through distress. And that we were using this as a tool so that we could maximize the PSI investments per property and so I just don't really see that in the rules right now it. It seems like the rules still want us to lower rents for residents, which you know was the original purpose of the OHTC. And you know, I admire that. I really. Appreciate the LEC stuff but that is my biggest concern.

Martin response: I took this opportunity to address a whole bunch of other issues in the rules while adding in the pass through exemption. The new one essentially properties that are granted this exemption through the PSI framework will not have to pass through any savings on rent. They will be able to use the increased. The decreased financing costs from the loan of the OHSC attached to get the property back into you know, financial good health. There will be no, no passive requirement for those properties at all. The key thing here is that the pass through exemption has been included into rule and is currently in operation through temp rules. (NOTE TO INCLUDE TEMP FILING IN RECORD)

Keith (29:43) you'd mention there's any avenues for projects that are potentially in financial physical distress? I was curious how broad you've thought about, you know, financial or physical distress?

Martin response: For application purposes we use the PSI framework to determine whether or not they are in a state of, you know, financial disarray and need the need the pass through exemption. That is not going to always be the case we do have the ability to offer this exemption. More widely and we will most likely be doing that soon. Right now though, it's pretty firmly paired with the PSI framework and there will need to be some internal discussions before we decide when and how we're going to expand that.

Kevin (33:16) coalition members are tenant organization and so we did some internal negotiating about what we would prioritize if we were going to maybe get rid of the past through protection for tenants. We decided to prioritize PSI investments because of the risk of foreclosure. And so I would like to talk to the tenants and get them on board before we put forward something like that.

Keith: I'd also want, you know, potential benefit for preservation across the state, not just in metro because that's where all the PSI went, right?

Martin response: Thank you for that feedback.

Liz (Question in Chat): where are the pass through exemptions within the rule?

Martin response: section 5 of the rule. Erik posted that in the chat.

Joni (35:20) I think the one that was set out was sent out as part of the package material was maybe not the current version cause the version we received didn't really have the PSI portion on it.

Martin response: the current temporary rules in effect now, these are the ones that we are intending to make permanent, and if you go to that link.

Erik (37:06) - I think like the projects that qualify for the exemption like three and four under that section 13 are kind of are the same, so just to comment.

Martin response: That's a good comment. Thank you.

RULES PUBLIC HEARINGS

The rules public hearing is scheduled for February 19, 2026.

Rules Engagement Materials and Meeting Transcript



PARTICIPANTS AGENDA

Date/Time: January 20th at 10 a.m. to 11 a.m.

Location: [TEAM Webinar – Registration is required](#)

Participants: Committee Members (listed on second page)

+ Open to public for observation

Meeting Objectives

- Conduct Rules Advisory Committee with a diverse group of individuals who are directly impacted by the Oregon Affordable Housing Tax Credit program.
- To create space to uncover different perspectives that can inform the proposed amendments and gather feedback about the potential impacts as required by state rules development process.

Agenda

Welcome & Introductions

- *Be prepared to share:* name, pronouns, work affiliation and position, and what lens or unique perspective do you bring to today's discussion on the OAHTC program.

Background on the mission of OHCS and a look at the OAHTC proposed rule changes & RAC Responsibility

Opportunity to Review & Improve the Drafted Economic and Fiscal Impact Statements

- How will this rule remove barriers and/or otherwise improve access for the communities that you serve?
- Do you see opportunities to adjust the rule to better serve those communities?
- Once this rule is amended, what will your organization need to support this change?

Impact Assessment

- State RAC procedures require assessment of impact in the following areas:
 - fiscal impact on state agencies, local government, or the public
 - potential of significant adverse impact on small businesses
 - reporting and other administrative activities required for compliance

Next Steps & Closing

- Review comments and feedback collected during the meeting
- Announce future engagement opportunities & public comment period

SLIDES

[OAHTC Rules advisory committee powerpoint slides](#)

MEETING TRANSCRIPT

Rules Advisory Committee Transcript - January 20, 2026, 10AM

DAVIS Jaci * HCS 0:25

Hello Everyone.

We will get started in just a moment, giving everyone a couple of moments to join us in our virtual space today. Good morning, everyone. If you are here for the affordable housing tax credits Rules Advisory Committee, you're in the right virtual space.

And we'll just get started in a few moments.

PALLATIN Rachel * HCS 2:49

Good morning. I just want to welcome everyone to the Oregon Affordable Housing Tax Credit Rules Advisory Committee. My name is Rachel Pallatin. I use she/her pronouns and I am a community engagement strategist in public affairs. Next slide please, Jaci. I'm going to ask everybody to help me out with some welcome and introductions. You can either raise your hand or put this in the chat.

But please give your name, organization, what connections do you have to this

program, and what is a rule that you live by? I think the rule that I live by is to always be open to changing my mind. I think that is there's always more information out there and I'd rather learn and be wrong and then stick with being wrong so.
Go ahead.

DAVIS Jaci * HCS 3:52

All right, I'll jump in here and do my introduction as well. It's great to be with you all in our virtual meeting. To get to know a little bit more about our OHCS team that's here facilitating your rec, we invite all of our RAC members to please feel free to engage and introduce yourself in our chat box as well add into our round Robin with our internal team here. And as Rachel mentioned, all of us here at the OHCS team all work in different capacities, but my name is Jaci Davis and I use she/ her pronouns.

And I have the privilege of serving as the department's rule coordinator and supporting all of our rule filings and engagement spaces. And I would say the rule that I live by, if you're going to try it, try it twice. The first time might not be the right time, so if you're going to try something, go ahead and give it two tries. That's my rule. I always live by and I will turn it over to. Glenn.

MUNA Glenn * HCS 4:59

Good morning. My name is Glen Muna, I am an affordable rental housing division rules coordinator, and the rule that I live by is the golden rule. Do on to others as we want them to do on to us. I try to live by that rule every day. But yeah, welcome everyone. Thanks for joining us and I'll pass it on to Greg.

CURRENT Greg * HCS 5:24

Thank you, Glenn. Greg Current, I use him/ his pronouns. I am in the affordable Rental Housing Division operations section as a rule coordinator. One of the, I guess for me, the rule that I've always lived by is to constantly work on yourself and in doing so, you can then hopefully influence others to take a similar journey.
And let's pass it on to Caroline.

MURPHY Caroline E * HCS 5:51

Morning, folks. Caroline Murphy, she/ her pronouns. I am on the affordable rental housing side of the division and I am an outcomes analyst and the rule I live by would be to act with kindness and compassion. I will pop it over to Martin.

JARVIS Martin * HCS 6:11

How do you all do. Martin Jarvis. I am the state tax credits program manager. It is my fault. You're all here today. Thank you very much for coming. Rule I live by. Honestly. That is that is an excellent question. I like the golden rule one. I'm going to take that one. Thank you.

DAVIS Jaci * HCS 6:36

Okay.

PALLATIN Rachel * HCS 6:43

If anyone else would like to introduce themselves, feel free to raise your hand or put it in the chat, as most of you have.
Go ahead, Dan.

Dan Bryant 6:53

Well, I was just inspired since he mentioned the golden rule.
I'm Dan Bryant. Square One Villages, he/him pronouns here.
Because Square One is was the group responsible for introducing limited equity co-ops for the tax credit and so strongly interested in making sure that remains intact but the rule that, I was a preacher for over 30 years and I live by the Prophet Micah to do justice, love, kindness and walk humbly.

PALLATIN Rachel * HCS 7:29

Thank you. That's beautiful.

Anyone else? OK.

We're going to jump into our process agreement. I'm going to run through these if you have any questions on them, please put them in the chat or raise your hand.

And yeah, I would love to answer questions on our agreements. First and foremost, we seek common ground and understand divergent. We practice,

yes, and to build on ideas. Be clear and productive when you share differing experiences and opinions.

Share airtime practice wait, ask yourself, why am I talking or why aren't I talking? Active virtual participation, make sure your name is accurate. If you're struggling with that, let us know they use the chat and the Q&A functions. Respond to polls. I believe we just have one today and minimize multitasking. You know, try to be present as best as you can, but also take care of yourself if you need to use the restroom or.

Do that. We need you to be the best you can be. We start facilitate high impact RACs where we use limited time to the fullest so please do what you need and so that you can do your best thinking. I have a couple of things repeated on my little screen. Next slide please. So active virtual participation in zoom. Well, we're not in Zoom - in TEAMS logistics. So for your audio, please keep yourself muted when you're not talking, unmute yourself when called on or during open discussion and if you don't raise your hand or we'll mute, you know, no stress over here. Use the chat to ask questions in real time. We have people assigned specifically to respond to chats, but all of us are keeping an eye on them as well. Raise hands during discussion. Use the raise hand feature to signal you have something to say. We want to hear from you, so please make sure we hear you and then last but not least, the talking head icon. It's actually a prompt that we show when we most want your feedback, so you'll see it in that same spot that it is right now. And that is kind of your signal, like, OK, once we read through this slide, we want to hear from you. OK. And next slide please.

So what we'll be covering today, so we're going to give an overview of our agency and then we'll explain what rulemaking is and why it matters. We will do the review of the proposed rules that we are here for today and then we'll talk about the draft impact statements that we've put together, make sure that they're accurate.

So passing it over to Jaci.

DAVIS Jaci * HCS 10:24

Thanks Rachel. Are there any questions about our agenda or about how to organize yourself on our virtual screen? We all feel pretty good and seated now. I feel like the pandemic really thrust us into this virtual space for your pretty intently a few years ago so I feel like we're all pretty proficient there. Any technical issues at all, please let us know.

And as we mentioned, OHCS is the state's housing finance agency. So we just

want to really orientate everyone, not only on our RAC, but all of those in virtual attendance today to understand what we are actually intending to do here and what our mission is at the organization. To be clear, we are not direct service providers.

That's why it's so important that all of you join us today.

That means that the money that we get from the legislature, from the state or the federal government, it actually gets sent out to those community based organizations or public housing organizations or other authorities, and the department really helps with housing framework. We contract with other Community Action agencies and other organizations to help deliver these services and that's why our RACs are informed with all of our stakeholders and also those that are directly impacted within any of our rule changes. So we also we don't build properties.

OHCS does fund services that are related to different parts of the housing spectrum around the housing continuum. But just want to be really clear that we are the state's housing finance agency and we are not the direct service provider for any of the affordable housing tax credits that we'll be talking about today. Our organization is really divided into three key divisions. So while you're working with us here at Oregon Housing and Community Services, it's really important to understand what section of business that you are engaging within. We have our housing stabilization division that really core elements that helps us with eviction prevention and homeless services. We have our affordable housing division, which is our largest division and where most of you all are coming in and engaging with us in our developing side and then we have our home ownership division, they offer a wide range of tools and resources for Oregonians looking for the opportunity to kind of stay in and break into the housing market here. Recently, after the 2020 fires, we also developed the disaster Recovery and resilience and they're really in that response to wildfire recovery and let's get an image of who we work with today, so when we talk about serving Oregonians, while we would love to serve all of the millions of Oregonians that are here, we are paid for and all of our resources are provided by the legislators, so we really have a mission to focus in around certain individuals with a low AMI and the AMI is the area median income and that exact number. Well, that might change depending on exactly where you live in those areas and the cost of living but this gives you an example of it, down to a 30% AMI, 30% of the area median income would be like a single senior living person living off of Social Security. Then we can all look through and understand that a fast food worker. There's still within that 50% AMI

all the way up to two people in the same home working full time jobs, but at minimum wage, they're really still scaled at an 80% AML, this really helps us understand the types of Oregonians we're trying to serve and those with housing issues that we're directly going to be impacted.

Now, why are you all here? You know, if the statutes were the architectural blueprints of what we have to do here, then our administrative rules are the construction plans that lay right on top. And that's a really good way of understanding that the legislature has given us certain. Certain requirements, certain charges that our organization has to make sure that we accomplish. And our rules really detail how that is executed. You all are able to engage and really understand what is eligible, and what those compliance requirements are, and all of the little nuances and details that go into it, they come into the administrative role language. Now the process itself. I want to quickly talk about Oregon's administrative rule process and there are very clear defined requirements within the Administrative Procedures Act for all of us here in Oregon, that file rule changes with the Secretary of State's office. Those requirements are a little bit loose where we have a little bit of discretion around how we're going to accomplish those requirements. If we look at the way that OHCS is engaging in our rule making process, that could look very different than some of our sister agencies. If you've been on a RAC at a different agency or if you participated in our rulemaking process prior to that would be really informative for us to know Rachel, is it possible, can you launch those polls right now? I'd love to hear from our RAC members. Have you ever participated on a RAC before, or have you engaged in OHCS rulemaking in the past? I'd love to understand our audience a little bit better and if this was the first time you all have engaged or if you've been here before with us.

13 responses. We're looking like we have a lot of first timers with us today. Y'all we got 43% of those that participated. Almost 50% have not had had an opportunity to be either on a rack or involved in OHG S rulemaking. I do see a lot of folks. Another large portion, about 30% of us, have been around the rule making process. So that might mean that you have joined us in a rules public hearing. Maybe you've watched one of our RACs before. Maybe you've been a RAC member with us, but that really is helpful for us to know how much experience our team that we're working with today has in our rule making. All right, so this is specifically to help understand what our RAC consist of. A rules advisory committee or we abbreviate as a RAC. Our RAC members are invited because of the expertise that all of you hold, whether that be lived

experience that might be stakeholder expertise. It might be that this program directly impacts you as an Oregonian.

We are also required, within the spirit of the law, the law within the APA, the Administrative Procedures Act, to engage to the fullest extent possible with those impacted and involved in our rule making process. So we really do rely solely in our filing process on a RAC to understand and make sure that we're right sizing all of our impact statements. The legislator can be very, very clear to us sometimes about our right OHCS you all need to go forth and do all of these things, and they've laid out all of our requirements for us. But that's not always the case, and I dare to say it's not the normal, the usual, that we see a lot of times the statutes and the bills that we receive, they have some gaps. They have some things that you and I both know we've got to. Fill those gaps in in order to get this effective. Get our program off the ground and make these changes so we use our RAC members. And your expertise to really ensure that what our rule language is drafted in a way to get us there. And as we prepare to file the notice of proposed rulemaking next month with the Secretary of State, there's a number of impact statements that we will be talking through. Those impact statements have been shared with all of our RAC members. Rach, is it possible, can you drop the links in the chat for the contact and the materials?

Thank you so much.

These are also posted on our OHCS rules web page so anyone in the public, if you have Internet access, you all will be able to view or download the materials that were sent to our RAC members last week. We're going to look at the rule text and then we're going to spend some time looking at the impact statements to ensure that we are reporting accurately to you all as well.

But any feedback that you all have and our impact statements that will be brought in to our filing next month when we go to the Secretary of State's office. Now before we move in to diving into the program and some of the drafted rule changes, are there any questions about Ohcs about administrative rulemaking or about the role as a RAC member?

OK, I'm not seeing any, but there is no worries about interrupting and coming off of mute if you all identify any additional questions that come up for you, feel free to let us know. And also members of the public, we are very thrilled that you're here.

We want to be here in transparency with you all, but know that our RAC members have the opportunity to come off of mute and provide feedback at this time.

And later next month, once we file that notice of proposed, we will be formally opening up all of our comment periods. That includes the public and the legislature.

So we will absolutely hear about any feedback and comments. You all have a little bit later, but this particular meeting is really set up to solicit and receive feedback from our RAC members. So we're going to focus in on that. And with that, I'm going to turn it over to Martin Jarvis to review our rule text.

JARVIS Martin * HCS 22:16

Thank you, Jaci. Really appreciate it.

That was an excellent overview of the agency and the rule making process really appreciated it, really appreciated. We are implementing changes from the last long legislative session that provided an expansion of the pass through exemption tool first and foremost to a new category of pass through exempt property. Which is properties that are facing financial or physical distress that threaten their ongoing viability as affordable housing. We have deliberately paired this new exemption with our PSI framework to help struggling properties get back into financial good standing. One thing that we would like you to think about isn't really going to be part of this RAC process is the legislation indicated that physical distress should also be a way to determine whether or not this pass through exemption is appropriate for a particular property. The agency internally does not really have a good handle on how we should, you know, catalog or think about physical distress. So we have not chosen to, you know, like effectuate that part of the legislation yet, but we are interested in hearing. More from our partners about what we should consider. When we decide to do that, essentially, though, the legislation gave us the opportunity to provide this pass through exemption to financially distressed properties and it also expanded the language around an upcoming mortgage assistance fund that is not being worked on in this this iteration of the rules, but will be happening soon and a lot of people will most likely be invited back whenever we add those to the rules

to give us more, more feedback around how that should be activated and effectuated. I think that that that covers it. Is there any questions about the actual legislation from anyone?

Kevin, go for it.

Kevin Cronin 24:43

Hey, Martin. Sorry I'm a little bit sick today.

My my big question is that when we were talking about this with the legislature, when we're talking about it with individual legislators, you were talking about using the not necessarily lowering rents as part of the pass through process, but really making sure that we lower the interest rate for properties going through distress.

And that we were using this as a tool so that we could maximize the PSI investments per property and so I just don't really see that in the rules right now it. It seems like the rules still want us to lower rents for residents, which you know was the original purpose of the OTC. And you know, I admire that. I really. Appreciate the LEC stuff but that is my biggest concern. Is that we don't necessarily have that in these rules and I would really, really like to see that because we promised legislators that in order to get this passed so I would like to fulfill that promise that we made.

JARVIS Martin * HCS 25:58

Kevin, thank you.

That is an excellent comment and, well, well, well brought up.

So essentially.

I took this opportunity to address a whole bunch of other issues in the rules while adding in the the pass through exemption.

The new one essentially properties that are granted this exemption through the PSI framework will not have to pass through any savings on rent.

They will be able to use the the increased the decreased financing financial financing costs from the loan of the OHC attached to get the property back into you know, financial good health.

There will be no, no passive requirement for those properties at all.

There were just a bunch of typos in the previous version of the rule that I took the opportunity to correct with this rule making process. The key thing here actually, we should probably move to the next screen. The key thing here is that the pass through exemption has been included into rule and is currently in operation through temp rules. Now we want to get your feedback about how you think that has been going so that we can incorporate it into the perm filing. But yes, we added this new category of exemption to the path requirement in Rule and we have already awarded it to a number of properties that we hope will be able to utilize it to get back into financial health. Does that help Kevin?

Kevin Cronin 27:47

I know that it has been awarded to several properties, I did a public records request for all of the PSI applications, but there's a lot that didn't get the award or that didn't either didn't choose to go forward with it, and so that puzzles me a little bit of like, why did that not happen? I mean, I could probably call the sponsor and ask them, but I just that was a little bit, as as we're going through this, that was just a little bit like worrying to me is like we're using this PSI investments and people are not taking the OC with it, so yeah.

JARVIS Martin * HCS 28:30

That's an excellent point, Kevin. Unfortunately, as far as the OHTs are concerned, it does rely on the applicants requesting it and their lender being, you know, amenable to agreeing to join the program a number of cases that has been true. A number of other cases applicants haven't have either not requested it or not gotten their lenders on board with whatever changes behind the scenes. Their own loans, they would need to, you know, put into place to actually make it happen. It is there for them and we're hoping to do some more outreach and education around how it works so that we can get more applicants using it as it was intended to be used, it's an excellent new tool and I'm really glad the exemption exists now. But now we just need to do more outreach and make sure everyone's aware of it.

Keith.

Keith Wooden 29:37

Thanks Martin.

This is Keith from Housing Works. I you know, I guess I had a few questions for you related to the pass through exemption, the first being. You know I when I look through these rules, I didn't, it was hard for me to understand if it was attached, just to those going after kind of, the what you call this, the PSI or whatever the projects that need stabilization kind of that rework but also you'd mention there's any avenues for projects that are potentially in financial physical distress? I was curious how broad you've thought about, you know, financial or physical distress. I mean physical is pretty easy, but financial. I just would want you to think about and we've got to know, most preservation projects, and by that I mean that don't have subsidy if we wanted to recap those, this would be a tremendous tool to have a pass through exemption for those projects. To

get things done without you know, you can, really, you can really boost loan proceeds by allowing that to just regular preservation projects that are, say, 25 years old that need that need rehab. But we have, you know, and this is I'm going a little deeper probably than you want to know. But like you know, during the last five years or through COVID, you know most of our rents were not increased, you know for various reasons. And now we're trying to get out of that and we're restricted to 5% increases. And so the reality is, is we have almost bifurcated rents between the new people moving in or technically subsidizing the people that been there for a long time just. Because there's this big group of rents that that can't move and that hadn't been touched for a long time. We're kind of stuck there. I guess the loan proceeds to rehab or severely restricted by those old rents and it would be a huge tool to be able to use this pass through exemption for just typical preservation non subsidized projects. Just wanted to make that clear.

JARVIS Martin * HCS 32:06

Thank you, Keith. I appreciate that comment. Right now, the OAHTC pass through exemption is paired with the PSI program. For application purposes we use the PSI framework to determine whether or not they are in a state of, you know, financial disarray and need the need the pass through exemption. That is not going to always be the case we do have the ability to offer this exemption. More widely and we will most likely be doing that soon. Right now though, it's pretty firmly paired with the PSI framework and there will need to be some internal discussions before we decide when and how we're going to expand that. But that is excellent note and I really appreciate that feedback. I would love to see this exemption be more useful in helping preserve those sorts of properties that you refer to 25 years old or, you know, just with not enough rent increases over the years for whatever reason. So thank you. Appreciate that feedback, Kevin.

Kevin Cronin 33:16

I agree with you that it'd be a really powerful tool for like traditional, more traditional preservation. I think that during the legislative session we at Housing Oregon and the Housing Alliance, we work in a coalition and a lot of those coalition members are tenant organization and so we did some internal negotiating about what we would prioritize if we were going to maybe get rid of

the past through protection for tenants. We decided to prioritize PSI investments because of the risk of foreclosure. And so I would like to talk to the tenants and get them on board before we put forward something like that. Even though I get and there's a huge need for that stuff. I just wouldn't want to go back on what we decided as a coalition, I guess, before you know, without talking to people. So I hope that gives a little bit of insight into that.

Keith Wooden 34:16

No, that's super helpful. And you know, I'm not part of that political body at all. But I mean I, you know I would also, I mean, I'd also want, you know, potential benefit for preservation across the state, not just in metro because that's where all the PSI went, right? And so I would, I would say that, but that would be my pitch to help our region too. That's all.

JARVIS Martin * HCS 34:55

Thank you. Really appreciate that. Let me see. Let us move on, are there. Yeah, I see the question in the chat, Liz, the new pass through exemption is in Section 5 of rule that Eric posted in the chat. Go ahead, Joni.

Joni Hartmann 35:20

No, I just wanted to call it. I think the one that was set out was sent out as part of the package material was maybe not the current version cause the version we received didn't really have the PSI portion on it. So you said the one that I should refer to is in the chat?

JARVIS Martin * HCS 35:33

Oh so if you look at here, we can just add the current temporary rules in effect now, these are the ones that we are intending to make permanent, and if you go to that link.

Joni Hartmann 35:51

OK.

JARVIS Martin * HCS 35:52

Rule 813-110-0013(5) has it listed out

Joni Hartmann 36:02

OK, thank you. This is the one that got it so that that might just be part of the confusion for some of us.

JARVIS Martin * HCS 36:10

That's excellent. Thank you for letting us know. We will make sure we get out the correct rules to everyone. Let me see also, Dan, you will be interested to note that we went through these rules and made sure that they apply equally to limited equity coops as well as affordable rental housing. We changed language usage throughout to make sure that the rules were applicable both types. OK. Are there any other questions about the rule? A cat decided to visit. OK.

Let's go ahead and move on to the oh, go for it, Eric.

Erik Pattison 37:06

Yeah, I'm not sure how accurate this statement is because I do think I received a different version or was looking at a different version but I can reach out to you directly, but I think like the projects that qualify for the exemption like three and four under that section 13 are kind of are the same, so just to comment.

For like readability and usability in the future, I think the intention was to add. Local rent assistance but then it kind of later grabbed the 25% requirement, but just a generalized comment.

JARVIS Martin * HCS 37:58

That is a good comment. The intent there is for basically any rent assistance in order for it to qualify for the exemption, should cover at least 25% of the units regardless of the source, and if it's combined and equals 25%, that's fine, just at least 25% of the units need to be covered by some form of PDRA, and thank you for pointing that out. I'll make sure that is clarified in the in the next draft. OK. Next slide please.

Hey, now we get to start, oh, go forward Jaci.

DAVIS Jaci * HCS 38:39

Go for it, Martin.

JARVIS Martin * HCS 38:41

OK. So now we're going to ask you the RAC questions that we need to ask in order for this to be an official RAC. And we would love to get your feedback on all of it to make sure that we're capturing what is essential here and making sure these rules do not actually hamper or harm your ability to use this program effectively.

Let's move on to the next slide. OK.

So first question. Is let me see identify whether the rules will have a fiscal impact, either negative or positive on state agencies, local government or the public, and if so, the extent of the impact. Currently our proposed response is there is no negative fiscal impact to state agencies local. Government or the public with these proposed rule changes. This amendment will allow the OAHTC program to continue to operate and elevate financial burden through the state by supporting affordable housing developments. Does anyone have any additions or critiques of that response, Joni, go for it.

Joni Hartmann 40:10

Yep, I'll take myself off mute. Elevate financial burdens? Just seems a little wonky.

Is that just like making the agency know that projects are struggling? So that's just a little unclear and actually there is a positive potential impact of the government to the extent that you know right size incorrect. The size of loans for projects, you're reducing the risk of loss of the housing and even loss of subsidies that have already gone into the into the projects and I think that's a pretty big impact.

That's all I wanted to add.

JARVIS Martin * HCS 40:51

Oh, thank you. I appreciate it. That's a that's a good note, we will edit that and, OK, any other questions or feedback for this. Oh, go for it, Erik.

Erik Pattison 41:06

Just to piggyback on Joni's statement, it also could reduce the necessity of additional funding going into projects.

JARVIS Martin * HCS 41:19

Excellent. Thank you. That is, that is good feedback. OK. Last call for question #1.

OK. Let's move on to question #2. Can I get the next slide? There we go. OK. Question. We got six questions. OK question #2 identify whether the rules will have a significant adverse impact on small businesses. What can be done to mitigate the impact on small businesses? Our proposed response is we do not believe there will be a significant adverse impact on small businesses. Does anyone have any?

Feedback or response? To that response. Erik, go for it.

Erik Pattison 42:11

Yeah. I just later and question 6 just as like you're reaching out to small businesses like nonprofits, Community Action agencies and whatever, so it will have an impact on those folks, right? Like helping stabilize their portfolios, things like that.

JARVIS Martin * HCS 42:33

That is a good point. Thank you. OK, the question #3 estimate the number of small businesses subject to these rules. Identify types of businesses and industries with small businesses subject to these rules. We are defining small businesses as organizations with 50 or fewer employees right now. Our proposed response is there is no known involvement with small business for the OAHTC program. Would anyone like to clarify or edit that statement? Joni, go for it.

Joni Hartmann 43:22

So if you're including nonprofits, you know within the definition of small businesses, then yes, there's impact with OHTCS.

JARVIS Martin * HCS 43:31

Oh, OK.

DAVIS Jaci * HCS 43:40

I'm curious, Joni, if you have a ballpark number or maybe that's something this whole team can help with, kind of roundabouts like I do think that the within the organization, some of the housing authorities, nonprofits, even some of the local developers or landlords and things like that, that we work with some of those organizations that aren't really outwardly seen as small business, but the way that the definition defines this for our rules purposes is an organization with 50 or less.

Do you have a ballpark number? How many organizations do you all think that HTC is going to be impacting?

JARVIS Martin * HCS 44:19

Kevin.

Kevin Cronin 44:20

So I would say that there's only a few housing authorities like Homes for good home, Ford, Washington, Clackamas and Salem has, I think 56 employees now, so anything smaller than that, I would just put all those housing authorities in there.

So I think there's 22, so what is it 5 - 22? That's at least 17.

And then you start adding in a bunch of smaller sponsors and things like that. At Dan's organization is less than 50 people. So I I can see very easily there being just like on the sponsor side of people interested in these rules and how it would be subject to them plus our existing landlord partners that have sort of been legacy participants in this program. I would say there's probably 150. Maybe I would just say that.

Joni Hartmann 45:16

Good afternoon. Thank you for Calling. And I'm just thinking of some of the resident owned coops as well. Some of the manufactured home parks.

JARVIS Martin * HCS 45:31

That is, is an excellent point, Joni.

Joni Hartmann 45:31

Those I think would fall under the same definition.

JARVIS Martin * HCS 45:36

Thank you. Thank you. Kevin and Joni. Both that, that was really well thought out and said I didn't even consider the resident owned Co-op manufactured building parks that we've converted. Those all have, yeah, that is, that is excellent.

We will update that.

Question number 6. I feel like we covered question number six as well in this conversation. Let's go ahead and move on to the next slide.

Question #4. describe the projected reporting and other administrative activities required for compliance, including costs of professional services.

Our response is somewhat recipients may utilize professional services for some or all of these processes throughout is also charged with providing some level of support. Any responses to that? should we beef up the level of support that OHCS offers directly? What are your thoughts?

Joni Hartmann 46:41

So I'm just curious on the asset on the asset management side.

You know, getting rid of pass through actually, you know, reduces the administrative burden would be my assumption.

JARVIS Martin * HCS 46:55

That is correct, yes. The pass through monitoring takes up most of the administrative burden of compliance monitoring. Otherwise, they basically just have to affirm that the property will continue to maintain the vouchers or continue to operate as a manufactured going park or is ongoing outside of financial distress because of the actions we took with the exemption. That's an excellent point.

Let's see, we got. Liz, go for it. Oh wait, sorry. Read the numbers wrong, Erik. Your turn.

Erik Pattison 47:31

Just a quick note that Noah is a cdfi and in our role we're also available for technical assistance. That's something we're supposed to do.

JARVIS Martin * HCS 47:45

Excellent. Thank you, Liz.

Liz Winchester 47:49

I wanted to piggyback on Joni's point and also just to confirm a few things so it sounds like for ongoing compliance. In order for owners to confirm, especially if they are taking advantage of the pass through exemption for the PSI projects, that there will just be like a check box on the CCP CS that they will submit annually. OK.

I see you nodding.

So yes, that that should be pretty simple. The other question that I had is with the exemption for local vouchers. I know that some of the local voucher programs are not guaranteed to last as long as the loans. so if that voucher program sunsets, for example, 10 years into an OHTC loan, and the project isn't, would the project continue to be eligible? because it had had the vouchers once. Those vouchers sunset or will that eligibility go away and they'll have to start demonstrating pass through?

JARVIS Martin * HCS 49:00

We've not directly considered that. My answer without this is may be subject to change, but the way we would normally do it is we would accept the status from whatever it was when we recorded the declaration versus you know if it was passed or exempt it stays passed through exempt once it's recorded as such because that's in the declaration. yeah, they would maintain their exemption.

They wouldn't have to suddenly pass through the savings 10 years in, though. I'm going to make a note of that and make sure that's clear in in the manual.

Thank you.

Liz Winchester 49:42

Thank you.

JARVIS Martin * HCS 49:44

OK, question #5. Identify equipment or supplies labor and increase administration required to comply with rules. Our proposed response OAHTC recipients are not projected to have any cost associated with supplies, labor, or administration to comply with these proposed rule changes. Does anyone have any comments or feedback for that response? OK. Let's move on to the next slide. OK, question #7.

Describe how you represent the community impacted by these rule changes. What are the racial equity impact with these rule changes? Our proposed response is this program provides housing resources to support for very low, low and moderate income families as communities of color are over represented in these income areas.

It is believed this program will positively affect racial equity in the state. Does anyone have any feedback for that response? OK. Let's go to the next slide.

DAVIS Jaci * HCS 51:10

I am going to click back to this slide, one second.

JARVIS Martin * HCS 51:10

What?

DAVIS Jaci * HCS 51:12

So that way we can get some live feedback on here.

JARVIS Martin * HCS 51:15

OK, excellent.

PALLATIN Rachel * HCS 51:26

Oh no.

DAVIS Jaci * HCS 51:43

Alright, here we go. Got it.

PALLATIN Rachel * HCS 51:43

Do you want me to share?

DAVIS Jaci * HCS 51:46

Rachel, go ahead.

PALLATIN Rachel * HCS 51:46

OK. sorry I look a little crazy now, because. I've been taking notes and trying to keep up with all of you. So this slide goes over specifically the four slides 14/15/16 and 17 where you guys gave comments on the next slide. I have the additional comments, it's just out of order that you all made on the proposed rule text because there was so much conversation there, so in response to the draft fiscal and economic impact statement, the comment that I comments that I captured are that Joni said that it will reduce risk of loss of housing and subsidies, and Eric said it'll reduce the need for additional funding in projects overall. For slide 15, on draft small business impact statements Eric said in regards to question number six that it'll have actually positive impact on small businesses and it will help stabilize portfolios. Joni said it will impact. Kevin started making a long list that I will update this on, but including seventeen housing authorities, resident owned coops and so on. We will have this as we send this out. Please. It'll all update that with a longer list, but if I miss anything, just double check my work please. For slide 16, the draft impact statement on compliance, Jody said there's actually going to be a reduction of administrative burden and Liz said that the exemption asked about the exemption for local vouchers. Commenting that some vouchers have different timelines than this this program. So I Martin said that he will follow up on that as well. And then our our last slide was draft equity impact statement and there was no comment on that. And then if we could go to the next slide. Oh, go ahead, Erik.

Erik Pattison 53:43

Sorry, late thought, but just thinking about the public and what Kevin was saying earlier about the rent pass through requirement. It does have a potential impact on tenants, right? Like that it doesn't actually discount the rents.

PALLATIN Rachel * HCS 53:44

That's OK.

Erik Pattison 53:58

So I know that's going to be incorporated. It seems within the program manual and oh or in OHCS Rules, internal rules, but something to note.

PALLATIN Rachel * HCS 54:15

OK, I added that as well. Yes, Joni.

Joni Hartmann 54:23

Following up on Eric's thought, so for existing residents that stay in place, there's no impact, but for new residents coming in, they'll be coming in at a market rate.

So there'll be a loss of those lower income units over time as a practical impact.

Am I thinking goes through that correctly?

JARVIS Martin * HCS 54:44

So with PSI projects with like preexisting OHTC loans where pass through is required. There should, there will generally be other restrictions that hold AMI at a particular rate with. With these sorts of projects, if they get their OHTC loan transferred into an exempt category, all of the tenants currently benefiting from the pass through requirement when that goes away, they're basically what the rent our expectation is the tenant experience rent will not change. That is correct.

There will not be a pass through benefit anymore to cover that cost and they will be able to raise rents as usual after that, you know by 5%.

Joni Hartmann 55:34

Right. But for the for the, for the units that turnover, right they that they turnover would have theoretically been at a lower rent because they'd have to have passed through?

JARVIS Martin * HCS 55:34

Increments unless you request a larger rent increase. Oh yes.

Joni Hartmann 55:46

That's where you're gaining revenue going forward, which means from a market standpoint, there are fewer lower rent units available.

JARVIS Martin * HCS 55:50

Yes, exactly. That that is an excellent point. Thank you, Joni. Good clarification, but yes, that's correct.

DAVIS Jaci * HCS 56:09

All right. We see some additional notes.

PALLATIN Rachel * HCS 56:09

Sorry, I was typing.

DAVIS Jaci * HCS 56:11

Yeah, go for it.

I'm going to move us into the next slide just so we can conclude our time together on time. But just know y'all all of these live notes, we're going to scrub them again with our live transcript and make sure it's a really clean record. And that's the one that.

PALLATIN Rachel * HCS 56:13

OK. Yeah.

DAVIS Jaci * HCS 56:27

We will share with all of you and it'll be posted on our website as well.

Sorry, Rachel, go ahead.

PALLATIN Rachel * HCS 56:32

Oh yeah, I was just going run through this, but I think that you covered it, Jaci. This is all comments on the on the proposed rule text, so when people were coming in and sharing some thoughts and ideas, and I even include the link from Kevin, I just plugged this all in here so that you can see we're capturing it. And like Jaci said, we'll also be reviewing the recording and the transcript to make sure that we captured everything and then I have one last thing we'll also include.

As we send this out after it's been updated, we'll include. The temp into the engagement packet with that so the temp rules will all be included in there as well.

And go ahead. Then, oh am I doing this late as well? Yes, sorry, I'm not used to doing this slide. It's new for me, so this is a timeline going over our next steps. Where we've been, where we are and what we're going to do next. So in December and the beginning of this month. Any rule changes are and were reviewed by leadership in DOJ moving into February. The notice of proposed rulemaking will be published, and the published rule filing will be sent to all of you. At the 1st of February, we will be sending out the notice for the public hearing and then two weeks after that date will take, we'll have the public hearing. Hopefully we've already captured everything and made all the tweaks we need to by them, and then 20 days, eight days after public hearing notice has been published, the public comment period will have will end.

And then 49 days after public hearing notice was published, the legislative comment period. We'll add and then our plan is to have the rule published and make it become official in April of this year. If anything changes, obviously this will be updated and dates will be pushed back. But this is the plan. Fingers crossed.

And next slide please. And well, actually thank you all for joining us today. Jaci is your point of contact, so Jaci will send it back over to you. If you'd like to say any thoughts, remarks.

DAVIS Jaci * HCS 58:52

Outstanding. Thank you, team. Thanks rach. Well, y'all, we are rounding out the hour right on time. We made it through our entire presentation today so thank you all for sticking with us. We got a lot of very, very valuable feedback and what a gift it is for you all to come into our space and provide this feedback for us. So if you all continue to kind of think about this stuff and think about what your colleagues have said today. RAC members, please send me any of

your thoughts up until Friday of this week, we will continue to receive any of our RAC members feedback around our drafted impacts around the drafted rule language. Anything you'd like to share with Martin and the team or to get incorporated in our rule filing. Please know you have until the end of this week to provide that feedback for us. After that, like Rachel mentioned, we're going to be preparing to file a notice and we will be opening up the comment period after February for any and all feedback, so look out for those announcements as well. I want to keep you all right on time and get you out here right at 11:00. Thank you all again for joining us today. Thank you team for a great RAC experience for us and please let me know if you have any other further questions or feedback to provide you all have a great week.

PALLATIN Rachel * HCS 1:00:18

Thank you.

stopped transcription

Appendix



ALL OTHER PUBLIC COMMENTS