OREGON HOUSING and COMMUNITY SERVICES

Rulemaking Engagement Record

Housing Preservation

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Rules Notices



HOUSING PRESERVATION

Notice of Proposed Rulemaking (filed 5/22/2026)

Permanent Rule Order

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

Engagement Summaries



RULES ADVISORY COMMITTEE

OHCS hosted a Rules Advisory Committee on May 12th at 2 pm with a range of impacted community members. There was feedback on proposed programmatic changes and the drafted impact statements. The following is a summary of this engagement space. To see all meeting details, see the meeting transcript within this record.

Feedback on drafted impact statements

FISCAL AND ECONOMIC IMPACT STATEMENTS

Question 1: 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.

Fiscal and economic impact drafting guidance: Please consider each of the following questions to guide your response: (1) What are the potential costs for each affected entity, including materials, supplies, staff time, increased administrative requirements, IT/technology needs? (2) Will the rulemaking result in brand new activity for affected entities or modify ongoing activity? (3) Will estimated costs (if any) be incurred right away, or will they be delayed or staggered over time? (4) What assumptions are you making to arrive at the fiscal and economic impact statements? (5) Have you consulted with external partners likely to be affected to inform your assessment of impact?

Proposed impact statement (make any changes here): Since the last time Division 028 rules were updated in 2010, the Department has significantly changed its approach to housing finance, namely by typically serving as a lender rather than grant maker. The Preservation Program has been and will continue to be consistent with this approach. OHCS acknowledges that balloon payment loans, even at low or no interest, do reflect a cost long-term but this serves to steward the effective use of public resources. However, regarding this impact statement, any loan costs will be borne by owners of projects and not state agencies, units of local government or the public.

RAC Feedback: Rosie (1:13:45 MM) there are some reports of surveys that are being asked for us to provide upfront in there limited amount of time that people are going to be able to get reimbursed for, and that is putting a

financial burden to the project and also to the owner, right? So, if there was, if you guys would be able to open up and provide reimbursements or pay for the reports past six months or so would be great.

Question 2: Describe the projected reporting and other administrative activities required for compliance, including costs of professional services. Identify equipment or supplies, labor and increased administration required to comply with rules.

Cost of compliance drafting guidance: (1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping, and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment, supplies, labor, and increased administration required to comply with the rule(s).

Proposed impact statement (make any changes here): The Department acknowledges that complying with loans incurs additional costs, compared to accepting funding awards that are grants. However, owners of projects incorporate the operating costs of the project into the proforma. There are no anticipated additional new costs resulting from this rule for state agencies, units of local government, or members of the public

RAC Feedback:

- Rachel (1:15:36 MM) the grant versus loan, I think the cost of complying with the loan documents and at the back end is pretty significant. Could be millions of dollars for each project, potentially.

SMALL BUSINESS IMPACT STATEMENTS

Question 3: Identify whether the rules will have a significant adverse impact on small business. What can be done to mitigate the impact on small businesses? Estimate the number of small businesses subject to these rules, identify types of businesses and industries with small businesses subject to these rules. Describe how OHCS involved small businesses in the development of these rules.

Small Business drafting guidance: describe how small businesses were involved in the development of these rules: If small businesses were not involved, state "Small businesses were not involved in the development of these rules." Small business is defined within ORS 183.310(10) meaning an organization with 50 or less employees.

Proposed impact statement (make any changes here): Small private developers, both for-profit and non-profit, have participated in the Statewide Preservation Steering Committee and the RAC.

RAC Feedback:

- agreed with drafted impact statement

RACIAL EQUITY IMPACT STATEMENT

Question 4: Describe how you represent the community impacted by these rule changes. What are the racial equity impacts with these rule changes?

Racial equity drafting guidance: Be specific about the impact of the rulemaking on currently and historically marginalized racial/ethnic groups, using data whenever possible. Seek to answer the following questions: (1) At the most granular level possible, who are the racial/ethnic groups disproportionately affected by this rule action? What is the potential impact of this rulemaking on these groups? (2) Does the rulemaking ignore or worsen existing racial/ethnic disparities? Does it produce any unintended consequences? (3) How does the rulemaking advance opportunities from currently and historically underserved racial/ethnic groups or close opportunity gaps? (4) If stating that there is a positive or negative impact on racial equity in this state, or if stating that the rulemaking has no impact on racial equity, what data supports this claim? If no data is available, what are you basing your assessment on? (consider including research team support and REAT answers).

Proposed impact statement: Preservation criteria prioritize rent-restricted affordable housing. Factors such as tenant vulnerability (under age 18, over 62, person with disabilities, and members of particular cultural communities that have faced discrimination) result in higher prioritization, as do projects preserved by culturally-specific organizations.

RAC Feedback

- agreed with drafted impact statement

HOUSING COST IMPACT STATEMENT

Question 5: Does this rule change affect the cost of development of a 6 000 square foot parcel and the construction of a 1,200 square foot detached single-family dwelling on that parcel?

HCIS drafting guidance: The housing cost impact statement was created in 1995 to ensure agencies consider how rules affect housing affordability. We must be able to competently evaluate how regulatory changes influence development costs and distributional outcomes. This includes identifying impacts that may be misunderstood or overlooked, such as major cost drivers, effects on multifamily or affordable housing, and explain how you have determined if and how the cost is affected

Proposed impact statement (make any changes here): These rules do not affect the cost of development of a 6,000 square foot parcel and the construction of a 1,200 square foot detached single-family dwelling on that parcel. The rules advisory committee agreed with OHCS impact assessment and added that by preserving housing, this program is saving cost by not requiring new construction.

RAC Feedback:

- Shelly (1:22:26 MM) preserving existing housing in sort of an acquisition rehab scenario keeping, you know, maintaining affordable housing so that we don't have to keep building new that it's, you know, basically it's usually cheaper to do rehab and maintain and upgrade projects so they have another 20-30 years of sustainability and you don't risk their loss. That exasperating the homeless or the need for new construction. I mean, wouldn't that sort of be in this scenario as far as it being a little bit less costly to, you know, rehab and maintain these and extend their sustainability?
- Also consider impacts to housing stock and development costs when updating a physical distressing property verses building from scratch.

Feedback on Preservation program overview

1. Why isn't Manufactured Housing Preservation included here?

- RAC comment: So, the separation of the preservation into those two different buckets kind of came as a surprise to a lot of us in general. And

given that they are going to be using a lot of the same resources like OAHTC and the Article 11 Q hold bonds, Just wondering the wisdom I guess of separating them out. But could you speak more to that or is there someone that could?

- Response: We realize that it can be kind of an artificial bureaucratic division, that that our manufactured home park work lives in our home ownership division. But the truth of the matter is, I think if you look at our preservation manual for our multifamily rental housing, it's very specific and very technical and we use the ORCA process whereas manufactured home park goes through its own NOFA process. They are planning to do similar rules updates around the passage of SB51, from last session, but those are just two different application pathways. We absolutely, as an agency, still think of our overarching preservation strategy framework as encompassing that whole continuum. But for the purposes of trying to provide very specific guidance to partners, we thought it was important to have different pathways.

2. Rule review specified in the rule?

- RAC Comment: I really like the idea of pointing to the program manual. That way you don't have to do a bunch of rules, updates and stuff like that.
  But given that it's been 16 years, right since the last update, do should we put in this rule part that will, you know, review and update the manual every couple years or something like that? That way, you know, it's on the record and the rules that we going to do that?
- Response: Usually the norm here and most of the rule changes that we historically do here at the organization are program manual updates and those ones are generally every year or every other year based off of the biennium. Any cost certs we need to update, any updated language that we're trying to align to, but I would say we normally are going to try and update these program manuals at least, revising them, having new effective dates applied, those types of things, 80% of the rule filings we do here at OHCS. These are the types of rules we do, so in a very rarity, you're going to find these, that kind of fall through the cracks or aren't updated, or aren't applied on a consistent basis.
  And that's what we're trying to identify and bring up to speed like the rest of our programs.

3. AMI specific to 50% below?

- RAC Comment: I've seen this before. That the prioritization is based on AMI, what is? Why is it specific to 50% and below? Why? Why is it not...? Why isn't there any kind of context around your 60% units?
- I'm glad that this is being brought up, is that often times. Well, not often every time that a project is reaching its affordability expirations, the Housing Authority is notified because it's a statutory requirement. So when we get these projects and they're brought to us each one, we run through this test right here and not one of them has met this critical or high priority at all. So my recommendation is if you want housing authorities to participate in preservation, we would have to make this a 60% AMI because those are the projects that are being brought to us with the expiring affordability restrictions, those old 30 year old LIHTC buildings. They didn't have, oftentimes they don't have PBRA attached to them. There are no 30% necessarily residents because there are flat rent. They're not subsidized projects, and then so they're being brought to us, that they're just standard deed restriction of 60% AMI.
  So I understand the prioritization, but there hasn't been one project that I could run through this chart and actually make it meet anything other than a medium priority.
  And so when I look at the wait list right now and I look at the preservation resources and every project that I've seen so far feasibility wise needs GAP resources. We don't even give it a second look because there's no way to meet these criteria. So I think that there needs to be a lot more work around this this particular chart to see does this actually, if we go look at that list, are there projects that would even meet these criteria? More data probably to recognize if these metrics are correct or not, but my recommendation would be definitely 60% even as a place to start.
- Response: Thank you very much for sharing that, that feedback and let's go to the next person.

4. Rural project ranked critical but not clear how critical would be prioritized?

- RAC Comment: I'm going to talk a little bit about the next table because you indicate that all rural projects are ranked critical and then you have a table for PBRA. And I'm going to comment a little bit about that. Giving it at risk a years, there you don't have any kind of years associated with

even the AMI. If somebody's out, you know, you having medium priority, you talk about the next seven years but under critical and high if they're 50% or more and they're within two or three years, then you're. Yeah, I mean, you could have a bunch of critical properties, so then how do you sort of prioritize the critical? Are you going to be looking at within three years or four years or five years and then under PBRA? You know, a lot of like, for example, the rural development properties are all rural because that's, you know, their funding. And so would they automatically be considered critical because then you put in their imminent risk to the loss of rent assistance, so that's a little confusing. I would really like to stress that or encourage you to look at critical being within three years, rather than two so it does give someone an opportunity to apply twice but understanding your ORCA process with the halfway intake and then getting a work center and then having to go through impact assessment and possibly waiting for resources, I mean and then you have to do the whole 8 month process. So you know you need to probably give, you know, a little more time as far as critical. If it's within three years. So and then that's all I had. I just wanted to also add that are going to be able to go back through and provide comments on the manual because, you know, on different pages because right now you're just talking about the table and the risks at loss. And there's a lot more in the manual before you get to those tables.

- Response: we will invite our RAC members not only today in your conversation, but sometimes what folks or other folks in our spaces are raising, they might trigger also some comments that you would like to provide. So our RAC members will have up until the end of this week to bring in any additional feedback on the proposed changes that we're reviewing today. Through the emails, when we're emailing you all the links and all the materials and all of that information, respond to us. If you have anything in writing, by the end of this week and then as we mentioned before, these meetings are open to the public, but we do not have a public comment period associated to today's meeting. All of that will happen next month. Once we file the notice of proposed rulemaking. Super drafty still, but we're going to be clear about where we're trying to lean it into. In our intentionality there, but in that space we'll have the whole month open for a public comment period. Any and all feedback, not only from our RAC members, but anybody else who might be watching today or looking back on this record, just know that you can

provide all of the feedback during that public comment period all the way through next month. So we've got a lot of time built in and we'll review our timeline a little later.

5. PBRA would be automatically critical?

- RAC Feedback: Yeah, I had kind of a clarifying question on the set asides that you guys included in there wondering whether a unit could be rent restricted by an entity that's not OHCS. So I think somebody mentions like HOME, so if you have a local jurisdiction that has some of your units restricted at a greater level than OHCS does, would that count? And then the other thought that I had is for projects that have OHTCS. If a project does have OAHTC's and pass through, they can elect to either distribute the pass through or focus the pass through on specific units, and wondering whether that kind of get that can get incorporated into this criteria. So for example, if an organization focused the past through on bringing some of their units from 60% down to 30% would that qualify as falling into the critical or high priority, even though that's not necessarily a fixed thing? They could change the pass through later on how it's distributed.
- Response: I'm hearing both questions and feedback. I'll take most of the questions as feedback. I can answer some of them really quickly, but we don't want to get too bogged down. But on page 6 there are a variety of affordability restrictions, so it's not just OHCS portfolio properties, just to answer that question. There are many flavors of restricted affordable rental housing that counts? Thank you for your comments on the OAHTC in the pass through and we will definitely take a look at that. I don't know if I can go to one more before we move on to the second category. And I know Shelly already made some comments on that.

6. Renewing federal rehab funds can be a factor for ineligibility?

- RAC Feedback: I just want to share some feedback that I've gotten about this from some of our rural members at Housing Oregon. There's a concern about renewing federal rent assistance to project residents sort of deprioritizes priority standing. Utilizing federal rehab funds can be a factor on eligibility. Maintaining a property through organizational cross subsidy can reduce the impact of tenants being at risk, but it puts an entire you know it, it impacts the entire portfolio, and while the rural factor is a high

priority thing, the categories in which some of those rural properties end up in that is not really a big bumping factor. And so how do we actually make that matter?

- Response: All your comments, including observations about something that is on the structure and the program design, or what you're really kind of eagle eyed about. We know that sometimes when something's not entirely clear, it might be second nature to us. So for example, one of the things in the manual we're trying to make clear is that this prioritization is number one only for gap resources, not for 4% LIHTC where you're not needing GAP and #2 that folks can come in under whatever category works. So you could have federal project based rental assistance, maybe it's expiring further out, but you can come in under that physical condition issue category. So if any of those things are maybe where you're hearing there might be confusion, those kinds of comments are really welcome as well, but let me just cover really quickly on this. We still maintain this second category -- properties with federal PBRA that is at risk of loss. We did not change anything around the critical, high, or medium ranking on this. It's a simple category and we've gotten a lot of applications in this in this category. The only clarification I think we made in the manual here was saying that we know there's a variety of flavors of rental assistance that have emerged and that we're treating them all the same. So if you have a contract and it's renewed for five years or two years, we right now, are looking at all those expirations the same.

7. PBRA federal rent assistance is important, but we need to make sure preservation isn't deprioritized.

- RAC Feedback: on the PBRA. I believe preservation federal rental assistance is critical, but we should also ensure physical preservation needs in non PBRA projects aren't unintentionally deprioritized. The way that I'm reading, I just started reading this morning so about this, so apologize if this is not correct, but the amended rule largely shifts the substance criteria into the program manual rather than the actual rule text that's in the paper a step. And then I did have a comment regarding the previous slide and I'm going to piggyback on what Shelley had said. She made a good point and I would appreciate if OHCS can clarify whether this is, if it's an intentional policy preference. And if so, how does this affect urban hiding preservation projects with

deeply affordable units. My concern there is that it could unintentionally skew the scarce funding sources. You know. Without a sufficient nuance so it's not, I'm not saying that it's wrong, it's just that I'm asking for like transparency there, transparency.

- Response: Could you make a suggestion as to what specifically is skewing? I would just love if that was clarified.

i. RAC response: I can't, but I need to put a little bit more thought into it because again, I just got this this morning, so I was just kind of writing it down quickly. (encouraged to provide written comment around this feedback)

8. PBRA at risk, would like to address concerns previously raised.

- RAC Feedback: echo Shelly with the PBRA at risk that first critical priority if there's any way to adjust that to three years would really help because it takes a little bit of time to put these projects together. The other thing, and I'm just wondering if there could be consideration for a step stepping stone between the critical and high priority with the percentage of units that are PBRA. And you know, whether it's 3325, whatever it is. Just giving that added little bit of flexibility and I wonder if we've considered not just PBRA but considered project based voucher contracts that are set to expire as well. Because the Housing Authority is very constrained in resources and not allowed to put out more project based voucher contracts, but potentially that that could be a risk that we haven't yet identified
- Response: Thank you for that feedback. And I'll go ahead and look and see how we describe that in the manual. Make sure it's clear that any flavor that's project based would be eligible.

9. Would like to request that Housing Authority be listed in high or critical priority.

- RAC Feedback: I thank you for putting the preservation applications don't count towards the two project maximum or per applicant in the ORCA limit. Oh my gosh. Like it's a blessing to have that called out. So thank you. On the table #3 though, I would, I would ask that housing authorities be listed in the critical high end medium priority as an applicant and the reason being is that oftentimes we're being brought projects that are not our own, they're community projects that are suffering or maybe at risk of being condemned or something and you

know, we're kind of being brought these projects and saying, hey, Housing Authority, please fix this. Take this on and with the constrained resources that are out there. You know, oftentimes we have to turn those away and they're very vulnerable populations that those house those buildings serve. And so, you know, I think, we've proven ourselves as affordable housing, one of the largest affordable housing operator in the state of Oregon. And I would like to see a specific call out for housing authorities in this space.

- Response: Thank you for that comment.

10. By not including financial risk, this program is limiting access to funding steam (PSI)?

- RAC Feedback: I think I have a context question. So removing the financial risk from this manual, does that understood that the PSI program is there to fund that? Those are a different funding source, correct? So is it true that by not including financial risk in this program is that limiting access to that funding stream? (52:47MM)
- Response: What you'll see in another couple slides is a move to change to a decision window where when we have resources (which we don't right now) when we have a resource, we will announce technical details about it, so that's what we did with our PSI in October, with lottery bonds. We also have 11-Q that will be opening up in the next few months here. So we will put out resources and whether it's stabilization or preservation, or a little bit of both. We see no reason why an entity wouldn't be precluded from meeting the stabilization metrics and wanting to do preservation at the same time. It probably isn't really a reason why it couldn't be both. But for our kind of bread and butter preservation. we pulled that PSI out and up because it has such different and very specific criteria. Does that help?

i. RAC Response: Yes, I suppose. Yeah. More specifically, if the PSI program is funded with lottery bonds and this program allows for Article Q Bonds right? If general obligation bonds are not available for whatever four years because of politics, et cetera, then does that mean that there is kind of that window is closed because I think there's a significant potential for some projects to be addressed in a very early stage rather than allowing for physical distress to occur. Might be a cheaper way to do it if that makes sense, like a small loan by down and some OAHTC'S might set

a project up to be stable for a long period of time. But if the only time that that funding is available is when the LIFT type funds are made open, then that door is kind of shut anyway. Hopefully that makes sense. That's fine.

ii. Response: I think we've got note takers capturing that. I think I hear what you're saying around it's almost like a different flavor of stabilization, allowing some buy down like with OAHTC'S. Maybe that's not exactly the PSI metrics. So, we'll take a look at that. Thank you.

11. How is vacancy a factor?

- RAC Feedback: So I guess one of my concerns about this section is that there are, I just want to like understand how vacancy is a determining factor. I guess in that maybe the impact assessment process. But my understanding is that a lot of properties don't have sufficient reserves to help complete unit turns and then that will start to compound once you don't have the resources to get a unit up to being rented. Then you'll slowly lose even more income over time, and the property will be at instead of just physical loss. financial loss very soon after. And then so like I just have a question about that. And then my other question is like for instance COVID and the inflationary period after COVID has really been disruptive. And so there's a clause in here that people that get funds can't seek new funds for two years from OHCS and so I just like we've had kind of a Black Swan event with COVID and the inflationary period. And I just wonder if you know, we were penalizing people too parsley with that so I guess those are my concerns and questions about the section.
- Response: Thank you for that. Just to respond, just in case there was a misunderstanding. The prohibition on funding for two years is only for those who are bringing us a newer property. Rather than us put guardrails around years or age of the property for a rating, medium high, or critical based on the age of the property. We wanted to be more flexible, but we do know that when people bring us very new properties, wanting rehab, that would not be a high priority for us. And so that doesn't apply to all projects. It was just the newer projects and thank you for your comments.

12. Have you reached out to RD to explain the restrictions? Do you need any help (58:10 MM)?

- RAC Feedback: I wanted to bring this up in the whole group in regards to the 11 Q bonds and the requirement of the shared first lien position and

the documentation I am concerned. I don't know, have you guys reached out to RD. to find out if it's to be able to explain your restrictions because if you haven't. I certainly would like to see that done and if you need help with coordinating that, because if they do not allow this, then how do we preserve world development properties? Because, you know they would, you know, unless you're setting aside other resources like your gap for preservation, because that's a huge if we're. If you're just going to do these 11 Q-bonds for preservation now with the different, you know, with the bonds and the 9% and GAP only or whatever. For the different types of set asides that you do, then we would not ever be able to preserve the road development properties if there's not another source. If you, if there's not an agreement that RD can live with this and I'm a bit concerned about that language.

- Response: Thank you very much and I wish I could remember because I know with our DOJ attorneys, I'm remembering this topic coming up. I have so many details on this in my head, but that is absolutely a critical point. Thank you for sharing that. And if it's not something we've already asked and answered with our Department of Justice attorneys, then it'll be on the list. Thank you.

13. PuSH program we do not have access to calculate capital need and leverage. Can we call out the need to do those different

- RAC Feedback: So when it comes to the PuSH program and PuSH program only, the rest of this looks good for other preservation deals. But oftentimes we don't have access to calculate tenant vulnerability as well as get a capital needs assessment done because we're looking at acquiring the building so we don't actually have it within our control yet, so I wonder if the manual can have specific call outs when it relates to the PuSH program specifically and trying to acquire buildings from other owners for the purpose of preservation
- Response: Thank you for your comment.

14. Gap project, timelines included in manual. Reservation letter secures reimbursement is late in development. Lots of out of pocket expenses.

- RAC Feedback: Yeah, I'm going to add this to my written comments too, but one of the things this is a recent lived experience, we have, we did a small GAP only Project 14 units which you know we're trying to look at

preserving all types of properties and you know we're working on a nine unit project now and one of the criteria in the policy and guidelines manual is the timeline. Trying to get things paid for so we all want to get capital needs assessments done as soon as possible so we can evaluate our project, be able to show you in that intake process what are the rehab type activities and your guidelines manual says that you won't regard anything outside of six months of a reservation letter. So that means getting all the way through impact assessment till you get that reservation letter. If you have GAP only on a small project that can't carry debt, then you know and we also we did ask for a small developer fee which doesn't pay for our costs, which you know if anybody's doing it or nonprofit, it wouldn't pay for your costs so we've had to come out of pocket to pay for some third party reports because of that timeline. So I'm going to. I may or may not be able to detail that here in this feedback, but it's something that I really want you to look at as far as how some of these things don't mix with your guideline manual and the new ORCA process, because it takes so long. And then if you're on impact assessment and you get that approved, but now you're waiting for resources you could be sitting there six months to 8 months, you know, and you basically say after a year or two years you want to see an updated CNA. Well you might pay for that update, but you won't pay for the original. So that's a little disheartening when you're trying to preserve all size of projects and you can't have debt or it's not a tax credit project and you can have other resources to pay for that third party report or costs that are incurred 6 months before you get that reservation letter.

- Response: Thank you for quite a few of these comments today I think will also be shared with our team that looks at our ORCA policies and processes as well, so thank you.

15. Excluded property types, could use clarification. Can turn-keys use these resources? Portland's acquisition program might be a good fit, we don't want to exclude that ability.

- RAC Feedback: I have a couple of things on this and then I have one more I think really critical thing I need to bring to the group and maybe we'll get to it. What's on PSI for this, the excluded property types? I think there should be some clarification, so one it's unclear if specific different Project Turnkey's would be available to pursue this process. There's language about shelters, but Project Turnkey's are kind of

unique on a case by case basis, so it might be important to add some talk about that. Secondly, the City of Portland passed a new like acquisition fund as part of using money from their landlord registry and those types of projects might not necessarily be eligible in this process, and they might be a good fit as well. They might not be our top priority right now because we have a lot of stuff that's, you know in the pipeline, but I don't want to exclude that type of thing from the future. So that's another thing that I was thinking so.

- Response: Thank you for that. And I think you mentioned PSI and I'm going to ask if you can maybe reach out to me separately or because we're really not going to get into PSI metrics today.

i. RAC Response: It's just about the 1% financing fee. It doesn't make sense if we're trying to rescue projects and financial distress to charge them 1%, so.

16. Why aren't these grants instead of loans?

- RAC Feedback: This is Rachel from NOAH. I just wanted to comment on the funds being available through a loan and not a grant, I was wondering, we've noticed that the department is moving towards lending instead of granting funds, and particularly with preservation. It is really difficult for these properties to take on even additional soft debt. Not only does it create a situation where you know more subsidy will be required on the back end, which the OHCS will probably be a part of later, but also, particularly with culturally specific organizations or not? Not smaller, not-for-profit, community based organizations who are doing development and maybe don't have the property under third party ownership structure, since they perhaps are doing a GAP only project, this would be on their books and that you know increases their liabilities. And when it comes to investors and lenders looking at the strength of a sponsor, having a loan on there is detrimental to their, you know, financial stability. In the eyes of investors and lenders, so I just wanted to call that out as something that is hard for a preservation project. Also, they don't usually have a lot of value, so there would be an LTV issue, in addition to that.
- I'm just, I'll just under score quickly what Rachel said. We're dealing with this exact issue right now on a rural project that does not have any project based subsidy and we're finding it extremely difficult to figure out how to

make this work in order to preserve the project and minimize the risk not only for that project, but for the agency.

- Response: Thanks. And like I said, we will certainly share some of this general feedback across with our ORCA team as well , so let's go to one more.

Written Comments / In Chat

From Meeting Chat

- Jessica Blakely at 11:12 AM: Concerned with similar issues Rachel brought up. A 1% loan impacts our REO as well as guarantor status. We are being asked to preserve and it impacts our production pipeline to take on additional hard debt liabilities.
- Jessica Blakely: Fiscal Impact - 1% loan impacts PHA's - local government
- Kristen Karle: 1% loan impacts non profit significantly
- Jessica Blakely: Cost impact at the beginning of the project to determine priority as well as a loan vs. grant impacts.

RULES PUBLIC HEARING AND COMMENTS RECEIVED

After the Rules Advisory Committee (RAC) meeting was held on May 13, the Notice of Rulemaking was filed and a public comment period was opened from June 1-29, with a public hearing held June 16.

During the public comment period, written comments were received from the following individuals; these are attached and incorporated into this rulemaking engagement record:

- Kristen Karle, Real Estate Development Director, St. Vincent de Paul of Lane County, Inc.
- Christina Dirks, Director of Policy and Planning, Home Forward
- Tamara Holden, Vice President of Real Estate, Guardian Real Estate Services LLC
- Em Nichols, PHA Policy Coordinator, Washington County Department of Housing Services

- Erik Pattison, Relationship Manager, Network for Oregon Affordable Housing

On June 16, a public hearing was held. There were no comments received during the hearing.

The 45-day legislative comment period ended on July 22, with no comments received.

Since the close of public comment period, the agency continued to engage with funders, owners and operators of affordable rental housing about specific preservation topics related to SB 51, as follows:

- On June 16, the ARH Director presented preservation updates to the House Committee on Housing and Homelessness and received feedback and questions.
- On July 1, the Preservation Strategy Lead met with Sarah Williams, Director, Sponsor Support, Enterprise Community Partners
- On July 1, the Preservation Strategy Lead met with Kevin Cronin, Director, Policy and Advocacy, Housing Oregon
- On July 22, the Preservation Strategy Lead met with Bonnie Craigie, Manager of Project Management & Construction Services, Rural Community Assistance Corporation and Erica Mills, Executive Director, NeighborWorks Umpqua
- On August 12, the Preservation Strategy Lead met with Jonathan Trutt, Director of Development, Home Forward

Based on the feedback received during the May 13 RAC, as well as via written public comments and in additional meetings with partners,
OHSC determined that additional changes to the preservation program design should be proposed, and more feedback should be obtained. As of August 14, current plans are:

- On August 25, updated changes to the Preservation Program Manual will be brought to the quarterly Statewide Preservation Steering Committee for additional feedback.

- On September 1, a Preservation Program Manual draft 2.0 will be posted on the OHCS website and sent to RAC members. Notice to all interested parties that OHCS is extending the public comment period on these proposed changes is emailed and posted to the OHCS rules webpage.
- On September 15, a RAC meeting on the additional changes will be held.
- A public comment period will be held September 15-30.

Rules Engagement Materials and Meeting Transcript



PARTICIPANTS AGENDA

Date/Time: May 12th at 10 AM to 11:30 AM

Location: TEAM Webinar – Registration isn't required for RAC members

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 Bond Residential Loan Program Servicing.
- To create space to uncover different perspectives that can inform the adopting of the Loan Servicing Manual 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 Housing Preservation program rules.

Background on the mission of OHCS and a look at the Loan Servicing Manual & 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 adopted, 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

Rules Advisory Committee Members
OHCS Rules Lead and RAC Facilitator: Jaci Davis
RAC Members:

- Shelly Cullin
- Tamara Holden
- Jessica Blakely
- Juli Garvey
- Liz Winchester
- Ryan Martyn
- Rachel Mori Bidou
- Kevin Cronin
- Cara Carter
- Erik Pattison
- Alex Annand
- Kristen Karle
- Peter Hainley

SLIDES

Rules Advisory Committee meeting slides

RAC MEETING TRANSCRIPT

Housing Preservation Rules Advisory Committee Meeting-20260512_170055UTC-Meeting Recording
May 12, 2026, 5:00PM
1h 28m 6s

DAVIS Jaci * HCS 0:10
Good morning, everyone.
Welcome to the Housing Preservation Rules Advisory Committee.
Please just give us a moment.
We're going to make sure that all of our invited RAC members are elevated as presenters.

And also going to make sure that we admit everyone into our virtual room.
So just going to give folks a couple additional minutes to join us today.
If you are an invited RAC member and we have not elevated you to a presenter for this meeting, please let us know.
Drop a mention in the chat.
Raise your virtual hand.
We'll make sure that we promote you to a presenter.
It is our invited RAC members that will have the opportunity to come on video and unmute themselves to participate in a lot of our live discussion today.
So it's really, really important that all of our confirmed RAC members are elevated.

Shelly Cullin 1:44
This is Shelly. I'm just testing.
Can you hear me?

DAVIS Jaci * HCS 1:46
Yes, ma'am.

Shelly Cullin 1:47
OK.

DAVIS Jaci * HCS 1:47
Thanks for testing.

Shelly Cullin 1:48
Thank you.

DAVIS Jaci * HCS 1:52
Looks like we have a majority of our RAC that are here and it looks like our participation numbers are trickling to a good stopping point for us.
We will continue to work on capturing a few additional RAC members as they come in today, but for the sake of time and a very full agenda, we'll go ahead and get started.
My name is Jaci Davis and I have the pleasure of serving as Oregon Housing and Community Services, lead administrative rule coordinator.
I get to support you all today as of one of your main facilitators and I will be joined by Heather Gramp from our preservation team and just in our next couple of slides, you're going to hear more from the OHCS team and we are going to invite our RAC members to participate in our chat boxes as well and kind of get everyone oriented into today's meeting space.
Thank you.
And as I mentioned, my name is Jaci Davis. I use she/ her pronouns, and I've been here at Oregon Housing and community services for next week will be seven years.
It doesn't quite feel that long, but apparently it's been a while, so it's really an opportunity to really come back in and serving in the administrative rules position I get to support a lot of our RAC and our public hearings and our filing requirements where I have worked with a lot of you. Also, in additional engagement opportunities, whether that be pre and post legislative sessions and other tabling events. So a lot of familiar faces on the call. It's great to see you all. Thank you all for joining us. And just to answer

the 4th question here, we would love you RAC members to please drop your answers to these questions in the chat for us. We're going to do a little bit of a chat waterfall and then it'll also make sure that we capture it very clearly for our record. Would I rather go to the beach or the mountains?
I am definitely a mountain/ creek lady. I will definitely take a hike any day.
The sand, my shoes, the salty. umm it's great., but.
Wonderful. We would love it for you all to answer, but you'll find me in the creeks and in the mountains for sure.
And I'm going to turn it over to my Co facilitator, Heather, to also introduce herself.

GRAMP Heather * HCS 4:28
Good morning, everyone.
Heather Grant preservation strategy bead here at OHS in the affordable Rental Housing division. I've been with OHCS just a year as of last week in the preservation role.
It's been wonderful getting to know many of you through that role.
So that is my connection to preservation today.
I'll be talking more about our work.
My icebreaker question.
I'm thinking why not both?
I'm thinking like Sunshine Coast of BC, where the mountains just come right up and and kiss the beach.
So that's me. Thanks.

DAVIS Jaci * HCS 5:02
What an Oregon question. Like an answer. That was, that was epic.
Thank you for that because here you get both. That makes sense.
Thank you.
I've got a few folks that have jumped into our chat introducing themselves. Thank you, Ryan.
Good to have you, Erik.
It's always great to have you, Sir.
Thank you for joining us again.
Oh, Shelly, Maui, that does sound nice.
Can you can you go wrong with Maui? I don't.
I don't know.
Good morning, Cara.
I hope I said your name right.
If I didn't, please let me know.

Cara Carter 5:45
It's Cara, but that's OK.

DAVIS Jaci * HCS 5:46
Cara, thank you for clarifying it for me.

Cara Carter 5:47
I answer the both.

DAVIS Jaci * HCS 5:53
Hi, Kristen.
Lakes on vacation, yes.
New England. Yes, Sir.

Kevin Cronin 6:03
Hey Jaci I for whatever reason I can't use the chat.
Maybe I'm just dumb, but it says it's only available during a meeting. When I try to click on it so.

DAVIS Jaci * HCS 6:14
Oh no.

Rosie Andalon 6:15
Having the same issue, Kevin.

Kevin Cronin 6:19
I'm glad I'm alone. Thank you.

DAVIS Jaci * HCS 6:21
Let's see if we can make sure we have you with the right permissions.
I do apologize that you're not able to access the chat. Do you guys mind introducing yourselves real quick for us? I mean I know who you are, but do you mind saying hello to the group for us?

Kevin Cronin 6:37
Yeah. Hey everyone.
My name is Kevin Cronin.
I am the policy and advocacy director with Housing Oregon, and we've been following preservation and championing it for a while now.
And so really excited to dive into the work here and I'm really impressed by the cast of characters that have assembled to work on this. So Yep.

DAVIS Jaci * HCS 7:02
Thanks Kevin.

Rosie Andalon 7:04
And I am Rosie Andalon.
She/her pronouns.
I am the real estate development director here at CASA of Oregon.
I same as Kevin I, we also advocate and work on preservation for.
Number of years and happy to be part of this and the last one is I would love to be at a nice warm beach in summer.

DAVIS Jaci * HCS 7:30
Thank you, Rosie.
And now a quick pivot into today's meeting.

So we just really appreciate you being here with us.
Thank you all also for participating in the chat. For those that were able to and as I mentioned earlier, we are recording today's meeting and we're going to use our recording our transcript what is available in our chat box today to really summarize our engagement space. So just know that it is recorded today.
We don't generally share these recordings out. There aren't posted on our YouTube channel or on our website, but we absolutely will use them to make sure that our official record is accurate.
So appreciate everybody clarifying their names, positions and a little bit of personality with that, with knowing if you are more of a beach or a mountain person. Next slide please. All right.
Today I'm going to bring us into just some quick mentions of our process agreements. This is really with intentionality and why we're here today.
We do have a robust agenda that we'll get to into the next slide, but really our intentions here is to hear from all of you. We want to make sure that not only are we informing all of our constituents and the public and the legislature about these preservation proposed changes, but also to right size all of our impact statements for transparency.
As well, we do plan to file with the Secretary of State on these proposed rule changes, and so we'll incorporate all of that feedback that we hear from you all today. But please know that we are always here seeking a common ground.
There's a lot of folks here at the table with us and we really appreciate the diversity, and we know that sometimes that creates and you know, different, complicated and true and true statements. We are trying to find a place that we can acknowledge the truth being told and that we can be transparent about what's being told to us.
We ask that everybody share some air time.
There are folks that are invited into our RAC space today that don't have that the same type of connection with the department historically. And so carving out the space for some of our newer voices to participate is actually very important for us as well. A couple of key points we included here about what active participation may look like here in our virtual setting. As I mentioned, we're going to be using in today's transcript and the recording in our chat for a summarize official record. So make sure that the name that's displayed here is accurate or know the name and description that you put in our chat.
At that's what you would like us to use because that's what I'm going to put on the record.
Umm, also, I appreciate the flags. There's a couple folks that are unable to use our chat function. We'll continue to investigate those and understanding why some folks are able to and not technology. Y'all, we appreciate your flexibility there.
If you're able to, feel free to come off of mute, there is no interrupting us in this space. But if you would like to raise your virtual hand, we can absolutely get to that as we're presenting our slides and getting to a good stopping. We also know that this is a good hour and a half chunk of time. Lot of content we're going to cover. So we're going to ask that you stay muted when you're not speaking so we can move through without a lot of disruption in the background noise.
And also that there's any polls or questions that we're asking that you participate.
It's a long meeting and there's things that happen and there's people that come to the

door, restrooms that need to be used and other things that happen.
So feel free to take care of yourself. We totally understand and we appreciate you kind of stick it out with us this morning.
Next slide please.
Here's a couple of just quick little logistics here for our team in zoom spaces, we are going to be using our audio setting. These meetings are always open for the public. We are always grateful to have you all here to, you know, take a glimpse into our policy making and reporting, and also we want to make sure that we are utilizing those that are trying to speak, so if you're not speaking, please keep yourself on mute. Our chat box we will be using and saving in real time. As I mentioned, you can use the raise hand function signaling that you would like to speak on the topic or the slide and we will definitely work on those. That talking head that little blue hat at the bottom, keep an eye out for that. That's where we're going to intentionally pause and we're going to be soliciting feedback from our RAC members. And additional prompts will be added to each of the slides. If you have any questions, you can always reach out. Let's keep on going.
Next slide please.
All right, y'all. Today we will be covering a very quick overview of what the agency is and who we serve here at Oregon Housing and Community Services.
Rule making can look a little different across the State of Oregon, so we're going to specify how that is incorporated here into Oregon housing community services filing systems. We're going to talk about our (preservation) program and the program's proposed changes with our program experts. And then we're going be really reviewing those drafted impact statements.
That's going to accompany that filing with the Secretary of State next month.
And then with that. I think I have a couple more. Yep, next slide please.
Thank you.
I'm going to quickly transition to talking about what our state's housing Finance agency operates and what we do. I'm going to move quickly into these slides just because I feel like a lot of you have already been on a RACs with us. You all seem very well versed in what we do here as an organization, and if there are any questions about who we are or who we serve and the kinds of programs that we offer, feel free to e-mail or inquire with our department directly. Next slide, please.
Here is the housing continuum around the housing resources that we offer here.
So we are able to utilize state and federal resources, and we plug them in across that housing continuum around housing stabilization efforts around eviction prevention. Energy assistance services. Also, we do a lot of development and that's where majority of our partners here are in the affordable rental housing section, looking at the rental development section.
We also have a division around home ownership that's around like down payment assistance, manufactured housing. I want to be very clear today that our RAC and around our housing preservation program, it will not touch the manufactured housing preservation piece. That is not a part of our proposed rule changes. It was not a part of the drafted changes that were circulated and are posted on the website, and those are not going to be reviewed today. We're really going to be focusing on ARH, the affordable rental housing preservation program, and we've also recently I would say recently, even though it was years ago, the most recently added -the Disaster Recovery and Resilience Division that really responds to

our wildfire season, another kind of natural disasters around the state.
Yes, Kevin.

Kevin Cronin 15:15
So the separation of the preservation into those two different buckets kind of came as a surprise to a lot of us in general. And given that they are going to be using a lot of the same resources like OAHTC and the Article 11 Q hold bonds, Just wondering the wisdom I guess of separating them out. But could you speak more to that or is there someone that could?

DAVIS Jaci * HCS 15:53
Thanks, Kevin for that question.
Go ahead, Heather.

GRAMP Heather * HCS 15:56
Yeah, I can.

DAVIS Jaci * HCS 15:56
I was going to say I think Heather's could speak to that.

GRAMP Heather * HCS 15:59
Yeah, great question. Thank you, Kevin.
We realized that you know that it can be kind of an artificial bureaucratic division, right, that that our manufactured Home Park work lives in our home ownership division. But the truth of the matter is, I think if you look at our preservation manual for our multifamily rental housing, it's very specific and very technical and we use the ORCA process whereas manufactured Home Park goes through its own NOFA process, they are planning to do similar rule update around the passage of SB51, from last session, but those are just two pretty different application pathways. We absolutely, as an agency, still think of our overarching preservation strategy framework as encompassing that whole continuum. But for the purposes of trying to provide very specific guidance to partners, we thought it was important to have.
Different pathways, so I hope. I hope that helps.

DAVIS Jaci * HCS 16:57
Thanks, Heather. O K. I don't see any other additional questions. Kevin, I hope that gets to it. If not we will circle back.
More on the focus of today's RAC and the purpose and the proposed changes a little bit later on in our slide deck. So just look out for those. But if you have any additional questions or please feel free to raise your hand again.
Just a little bit of context here about the people that we serve in our communities, the area meeting incomes that we're defining, of course they range.
Majority and typically the Oregonians that we would be serving are below the 80% AMI and our area median incomes are defined by HUD. We adopt those definitions.
This is a really good way of humanizing the work we all do. I think the way that our AMI in those numbers look. So from the range of having a senior/ older folks that is limited in their income based off of Social Security alone. They would definitely be in that lower range of 30% AMI, even leading up to that 80% AMI where that could be two full time

employees working minimum wage jobs. So even if there's two adults working in a household, they still may qualify for a lot of the programs offered here at Oregon Housing and Community Services. And we'll be specifically looking at the AMI levels and the way that this preservation program will help stabilize that housing continuum for all.
Next slide please.
We're going to quickly review our rulemaking process because you know here in Oregon, the APA or the Administrative Procedures Act, the way that it's adopted, there is a lot of flexibility that if you sit into a rules engagement space, our partners over at DLCD or DCBS or state land, or forestry. A lot of our engagement in our filings may look a little bit different as long as we are successfully meeting all of those filing requirements.
So I want to make sure you all are oriented not only in OHCS, this rule filing system, but in our intentionality about why we invited all of you RAC members in today.
Next slide please.
And if you think about the statutes as the architectural blueprint for the way that we conduct our business, you can think of your administrative rules here as a layering right on top, like those construction plans.
Really kind of detailing how you're going to get to all of the pieces, where all those plugs are going to go, how it's effectively going to be looking and it's that layering between our statutes and our administrative rules, where we're able to clarify and really put not only public funds, but public policy choices into law. And that's also why we need to make sure that we're right sizing this, that we are being in consultation with all of you in community, and there is very intentional things that we're going to be trying to look at and clarify and also we know that we're going to need to look at our impact statements in order to file those in, in good governance and by the law being transparent with all of you in in what you.
Seeing and reporting in these proposed changes as well.
Next slide please.
Thank you. And this really brings into the spirit of the law. I know there's a lot of text on the slides, don't worry, all of these slides are housed in the rulemaking engagement record and that is posted on the rules web page on OHCS website. And so you can reference all of this information in these different citations here a little bit more if you're interested. But really, we're looking at understanding all of you and the different ways that you represent impacted communities for our preservation programs. We want to make sure that we incorporate your recommendations. If there are negative impacts, especially we want to make sure that we're annotating any of the suggestions or other avenues that maybe our department should consider. We're going to be moving right over into talking about our program now, housing preservation, but before I move into this one, I just want to make sure are there any questions about who we are, our rulemaking process or any of this introductory space?
Outstanding. I'm not seeing any, Heather, so I will turn it over to you and I'll take some notes for us on the side.

GRAMP Heather * HCS 21:43
OK. Thank you, Jaci and thank you again everybody for being here again.
Heather Gramp, preservation strategist here in ARH. We just talked about why you're here, but let me go into that a little bit more and some grounding in terms of the what

and the why the why is that we're convening the RAC in relation to the passage of Senate Bill 51 in the 2025 legislative session, and that bill formalized the preservation program and statute and necessitated the writing of rules which we're pretty excited about as for the what that is, the rules that we're here for and I kind of want to give you foreshadowing and if you looked at the materials in advance, you'll see that we're really greatly simplifying the rules. And primarily we're doing, we're putting out a first ever. For OHCS first ever preservation program manual and this is the first update to the rule since 2010, I should say so, making a big leap forward here, putting out this manual. It's the manuals where we aspire to contain all of the details, really or as many of the details as possible that would be useful to a housing partner who's interested in preservation, funding, and how that works.
I wanted to let you know that manual's embedded in rules still can be updated regularly, and I would plan on something like an annual refresh. It's pretty simple.
So there are a lot of advantages to putting out a program manual and embedding it in Rule and being able to do a deep dive in some of that detail that you're looking for rather than keep rules high level or need to release multiple technical advisories.
So that's why. And what before I move into some of the content which I'm going to go through just at a very high level on what you might have seen in the manual, I did want to by kicking off this topic, want to say that to arrive at this point where?
We're at today with the first ever program manual and even backing up and thinking about the fact that we have a preservation strategy framework. We do owe a debt of thanks to many partners, so I wanted to summarize engagements there were incredibly robust engagement in 2023 to develop the agency's first preservation strategy framework, and that was led by my predecessor and my manager, Michael Parkhurst. So lots of conversation with partners, but that feedback loop has continued with regular whether it's one-on-one or meetings and touch points. I did want to let for the record that be known that we did do two touch points because our changes were not numerous from our original framework.
We had two touch points where we brought some core, what we called course corrections on our preservation work to our quarterly statewide preservation steering committee and we did get feedback there, some things that we were proposing we set back from as a feedback that indicated that was not favorably received and some things we move forward with so you're going to see today the results of that engagement and that should be reflected in the program manual.
And so just to wrap up, the sort of big picture I do anticipate, of course all the robust feedback we get here today and public comment, but that we have those spaces where we can continue to get input and just know that we will continue to iterate our Preservation program design. I fully expect that including probably a bigger refresh sometime down the road, but right now we're trying to formalize largely the work that has been building and that we've been doing.
Next slide please.
So a real basic.
It here with the proposed rule text at that's and if you Members have received the draft version in section 0030 as I just alluded to, that now primarily points to a program manual and it is incorporated and adopted by reference right into the rules, and on the next slide, so that kind of greatly simplifies things.
Next slide is that the proposed rule text also just deletes this. All these things that are in this bullet list here and one thing I mentioned a minute ago that these

rules haven't been updated since 2010.
The other big thing that's changed for the agency since then is the Oregon centralized application, right? The ORCA. So there were quite a few things in those very old preservation related rules that were things that are what I would consider more generic like charges and waivers and things like that. And a lot of that is really also already covered in ORCA. So we're going to be pointing people to ORCA, and to our preservation manual.
Let me pause there for a question I see.
Go ahead.

Kevin Cronin 26:25
So I really like the idea of pointing to the program manual. That way you don't have to do a bunch of rules, updates and stuff like that.
But given that it's been 16 years, right since the last update, do should we put in this rule part that will, you know, review and update the manual every couple years or something like that? That way, you know, it's on the record and the rules that we.
Going to do that?

DAVIS Jaci * HCS 26:56
Yeah, I'm happy to jump in there too, Kev. Usually the norm here and most of the rule changes that we historically do here at the organization are program manual updates and those ones are generally every year or every other year based off of the biennium. Any cost certs we need to update, any updated language that we're trying to align to, but I would say we normally are going to try and update these program manuals at least, revising them, having new effective dates applied, those types of things, 80% of the rule filings we do here at OHCS. These are the types of rules we do, so in a very rarity, you're going to find these, that kind of fall through the cracks or aren't updated, or aren't applied on a consistent basis. And that's what we're trying to identify and bring up to speed like the rest of our programs.

GRAMP Heather * HCS 27:46
OK. Good there. Good to move on. I plan to update it and I can see why we'd want to write it and rule. So whatever, whatever the format is, we will follow up. But swear I'm going to update it.
OK. The next slide please.
OK. This, I'm moving in now to just highlighting some of the key contents that is in the manual and I apologize and I know this is very, it's a dense manual as you probably could see. But we're just going to kind of skip over and point to some of the key areas so in case we want to pause and take any questions, we're not going to go through all, you know, all of the content added within each item.
So those that participate in engagement sessions or have been around our preservation work this is going to seem very familiar and the recently recent conversations those who might who shaped a few changes to these three main categories of risk of loss, and those are still those are expiring portability restrictions, physical condition issues, which I'll talk about in a minute, which was a slight change and expiring federal project based rental assistance and of course, as we acknowledged at the at the front side, our fourth key plank in our preservation work as an agency is preservation of manufactured home parks.

But given that this is around multifamily rental or just mentioning these three categories. Additional things you might have seen in the manual is that we called out our property stabilization investments. It has its own instruction guide. It's not considered officially a program in statute and so it has its own instruction guide. And what we did reference it in the manual. We pulled it out of the physical conditions issues which I'll talk about in a minute. And we did also get a mixture of feedback around what will the agency be doing in this time of financially unstable properties or organizational challenges and right now this is absolutely going to be a robust area of work. But right now we what we've indicated in the manual is a case by case consideration to support an acquisition we don't have. This built out in terms of specific criteria, but we wanted to mention it in the manual that we are open to that.
So let me get into those 3 categories. If you'd give me the next slide please.
Yes, these next three will just show our categories, which again we're probably familiar to many of you on this slide. This is the criteria for risk of loss for a project with expiring affordability restrictions. On this one, we talked with our partners.
There was support for continuing to make all rural projects rank as critical and then for urban projects. The criteria there did not change.
The one thing we did change with this when there was wide support for it was previously it had been open only to for profit developers and we're agnostic now for profit, nonprofit, you know, public Housing Authority, we're not, we saw no reason to limit the type of entity that could apply under this category, so that's a change that you'll notice in the manual.
I see a couple hands. Let me pause.
Go ahead.

Tamara Holden 30:59
Yeah. This is Tamra holding guardian.
You know, I've seen this before. That the prioritization is based on AMI, what is? Why is it specific to 50% and below? Why? Why is it not...? Why isn't there any kind of context around your 60% units?

GRAMP Heather * HCS 31:23
That is a good question.
I mean, as an agency, I think we're trying because we have limited resources.
We're usually trying to prioritize the most critical projects, and often we think about the tenants as really the kind of arch wanting to protect vulnerable tenants.
So I think that having those throughout our criteria when you see.
Both the lower AMI's as well as the percentages that give rankings for afford rankings of tenant vulnerability. That's what that is typically reflecting.
Umm. But did you want to make a comment. And is that a suggestion around 60% or we're happy to consider it.

Tamara Holden 32:11
It is because you know most, you know, a lot of older properties. You know that you know are year 15 or you know are they're extended use period is almost over with. I would somewhat haven't been interested for only 15 or so I'm not some folks here on may know more, but they were basically set up to be at the 60% AMI level. Unless you had home or GHAP units. You may have a few 50% units, but they're usually to

meet that you basically had a majority units at 60%. So my concern would be those that are at the 60%, you know, built long time ago that are about to there are restrictions about to expire. Is that you have lots of units that would be not a priority or currently. But they're not, not even recognized.
Terror. Really, you know.
But if you're very affordable restrictions and you have a 300 unit project or 200 unit project and expiring in a year, is does that just mean they're the medium priority because it doesn't make sense because it's seven years, but obviously you don't want those to go offline, but it doesn't hit the higher critical priority, so they're in the middle somewhere.

GRAMP Heather * HCS 33:43
Yeah, that that is that is true. And I we appreciate that feedback and for those who are seeking GAP funds, again this is not for 4% LIHTC deals for example, that our projects that are not seeking GAP when we need to prioritize are very limited General Funds, this is the purpose of these criteria, so we will note the interest in looking at maybe 60%. And I think I'm being prompted to maybe go through some additional comments if you all when you raise your hands could go in the order. The number that you when you put your hand up or I can try to see your names and call on you, I think I think next. I've got too many things over my screen is Jessica.

DAVIS Jaci * HCS 34:22
Yes, Jessica.

GRAMP Heather * HCS 34:24
Thank you.

DAVIS Jaci * HCS 34:24
Jessica's next.

Jessica Blakely 34:26
Yeah. Thank you. So I wanted to touch on that too. I'm glad that this is being brought up, is that often times. Well, not often every time that a project is reaching its affordability expirations, the Housing Authority is notified because it's a statutory requirement. So when we get these projects and they're brought to us each one, we run through this test right here and not one of them has met this critical or high priority at all. So my recommendation is if you want housing authorities to participate in preservation, we would have to make this a 60% AMI because those are the projects that are being brought to us with the expiring affordability restrictions, those old 30 year old LIHTC buildings. They didn't have, oftentimes they don't have PBRA attached to them. There are no 30% necessarily residents because there are flat rent. They're not subsidized projects, and then so they're being brought to us, that they're just standard deed restriction of 60% AMI.
So I understand the prioritization, but there hasn't been one project that I could run through this chart and actually make it meet anything other than a medium priority. And so when I look at the wait list right now and I look at the preservation resources and every project that I've seen so far feasibility wise needs GAP resources. We don't even give it a second look because there's no way to meet these criteria. So I think that

there needs to be a lot more work around this this particular chart to see does this actually, if we go look at that list, are there projects that would even meet these criteria? More data probably to recognize if these metrics are correct or not, but my recommendation would be definitely 60% even as a place to start.
Thank you.

GRAMP Heather * HCS 36:28
Great. Yeah. Thank you very much for sharing that, that feedback and let's go to the next person.

DAVIS Jaci * HCS 36:35
Shelley.

GRAMP Heather * HCS 36:35
It's Bonnie. Her showing.

DAVIS Jaci * HCS 36:37
Oh, OK.

GRAMP Heather * HCS 36:37
I'll have a hand up. I don't.

DAVIS Jaci * HCS 36:40
I see Shelly.

GRAMP Heather * HCS 36:40
For Members, yeah, I'll let you all call on members.

Shelly Cullin 36:42
Yeah.

DAVIS Jaci * HCS 36:43
Thank you.

Shelly Cullin 36:44
Yeah, I have my hand up and I was number 2, so I'm not sure who's number ones there's not a picture. So sorry.
I'm going to talk a little bit about the next table because you indicate that all rural projects are ranked critical and then you have a table for PBRA.
And I'm going to comment a little bit about that. Giving it at risk a years, there you don't have any kind of years associated with even the AMI. If somebody's out, you know, you having medium priority, you talk about the next seven years but under critical and high if they're 50% or more and they're within two or three years, then you're. Yeah, I mean, you could have a bunch of critical properties, so then how do you sort of prioritize the critical? Are you going to be looking at within three years or four years or five years and then under PBRA? You know, a lot of like, for example, the rural development properties are all rural because that's, you know, their funding. And so would they automatically be considered critical because then you put in their

imminent risk to the loss of rent assistance, so that's a little confusing. I would really like to stress that or encourage you to look at critical being within three years, rather than two so it does give someone an opportunity to apply twice but understanding your ORCA process with the halfway intake and then getting a work center and then having to go through impact assessment and possibly waiting for resources, I mean and then you have to do the whole 8 month process. So you know you need to probably give, you know, a little more time as far as critical. If it's within three years. So and then that's all I had. I just wanted to also add that are going to be able to go back through and provide comments on the manual because, you know, on different pages because right now you're just talking about the table and the risks at loss. And there's a lot more in the manual before you get to those tables.

DAVIS Jaci * HCS 38:59
No, I appreciate that, Shelley.

GRAMP Heather * HCS 39:01
Yeah.

DAVIS Jaci * HCS 39:02
And just to clarify, we will invite our RAC members not only today in your conversation, but sometimes what folks or other folks in our spaces are raising, they might trigger also some comments that you would like to provide.
So our RAC members will have up until the end of this week to bring in any additional feedback on the proposed changes that we're reviewing today. Through the emails, when we're emailing you all the links and all the materials and all of that information, respond to us. If you have anything in writing, by the end of this week and then as we mentioned before, these meetings are open to the public, but we do not have a public comment period associated to today's meeting.
All of that will happen next month. Once we file the notice of proposed rulemaking. Super drafty still, but we're going to be clear about where we're trying to lean it into. In our intentionality there, but in that space we'll have the whole month open for a public comment period. Any and all feedback, not only from our RAC members, but anybody else who might be watching today or looking back on this record, just know that you can provide all of the feedback during that public comment period all the way through next month. So we've got a lot of time built in and we'll review our timeline a little later. Sorry, Heather. I didn't mean to cut you off.

GRAMP Heather * HCS 40:26
No. Yeah, thanks for answering that. I was going to, you covered it in much more detail than I would have, but I was going to mention the opportunity for public comment and that's where written detailed comments could also come in. It looks like before we move on to the next category. Let's go to Liz.

Liz Winchester 40:43
Thanks.
Yeah, I had kind of a clarifying question on the set asides that you guys included in there wondering whether a unit could be rent restricted by an entity that's not OHCS. So I think somebody mentions like HOME, so if you have a local jurisdiction that

has some of your units restricted at a greater level than OHCS does, would that count? And then the other thought that I had is for projects that have OHTCS. If a project does have OAHTC's and pass through, they can elect to either distribute the pass through or focus the pass through on specific units, and wondering whether that kind of get that can get incorporated into this criteria. So for example, if an organization focused the past through on bringing some of their units from 60% down to 30% would that qualify as falling into the critical or high priority, even though that's not necessarily a fixed thing? They could change the pass through later on on how it's distributed.

GRAMP Heather * HCS 42:05
Now, thank you for that feedback. I'm hearing sort of like questions and feedback. I'll take most of the questions as feedback. I can answer some of them really quickly, but we don't want to get too bogged down. But on page 6 there are a variety of affordability restrictions, so it's not just oh HCS just to answer that question real quick. There any flavor of restricted affordable rental housing that counts?
Thank you for your comments on the OAHTC in the past through and we will definitely take a look at that. I don't know if I can go to one more before we move on to the second category. And I know Shelly already made some comments on that.
I'm seeing a variety of hands up from folks who aren't RAC members, so I'm not.
I think I'm being directed to hear from RAC members only so, but Jaci, you can let me know if I need to do something differently.
And let me go to I think, Kevin.

Kevin Cronin 43:05
Yeah. Hi. I just want to share some feedback that I've gotten about this from some of our rural members at Housing Oregon. There's a concern about renewing federal rent assistance to project residents sort of deprioritizes priority standing.
Utilizing federal rehab funds can be a factor on eligibility. Maintaining a property through organizational cross subsidy can reduce the impact of tenants being at risk, but it puts an entire you know it, it impacts the entire portfolio, and while the rural factor is a high priority thing, the categories in which some of those rural properties end up in that is not really a big bumping factor.
And so how do we actually make that matter? And so those are some of the concerns that have been brought to my attention.

GRAMP Heather * HCS 44:06
Great. Thank you for that. It seems like we're segwaying into the PBREA category. So I think I'm going to bring up that slide that next slide, since I'm hearing feedback on that.

DAVIS Jaci * HCS 44:15
I appreciate that, Heather. And just to be clear, y'all, I do want to keep us on time.
So if you have additional comments that maybe we didn't get to in this one, can you drop it in the chat for us? I'm going to grab it and make sure we incorporate it into your feedback, but we may need to circle back to some of those comments to keep us on time. Thanks, Heather.

GRAMP Heather * HCS 44:36

Yeah, and. And any of these, yeah, all your comments, including observations about something that is certainly I know the structure and the program design or what you're really kind of eagle eyed about, but sometimes when something's not entirely clear, it might be second nature to us. So for example, one of the things in the manual we're trying to make clear is that this prioritization is number one only for GAP resources, not for 4% LIHTC. You're not needing GAP and #2 that folks can come in under whatever category works, right. So you could have federal project based rental assistance, maybe it's expiring further out, but you can come in under that physical condition issue category. So if any of those things are maybe you're hearing that it might there might be confusion. Those kind of comments are really welcome as well, but let me just cover really quickly on this. We still maintain this second category properties with federal PBRA that is at risk of loss. We did not change anything around the critical high or medium ranking on this. It's a simple category and we've gotten a lot of applications in this in this category.
The only clarification I think we made in the manual here was saying that we know there's a variety of flavors of rental assistance that have emerged and that we're treating them all the same. So if you have a contract and it's renewed for five years or two years, we right now, are looking at all those expirations the same. So that's kind of touching on the high level. Again, it's very high level on these.
Let me take the next if there's a comment on this one.

DAVIS Jaci * HCS 46:17
We've got two hands up, Rosie you're first.

Rosie Andalon 46:22
Thanks on the PBRA. I believe preservation federal rental assistance is critical, but we should also ensure physical preservation needs in non PBRA projects aren't unintentionally deprioritized. The way that I'm reading, I just started reading this morning so about this, so apologize if this is not correct, but the amended rule largely shifts the substance criteria into the program manual rather than the actual rule text that's in the paper a step. And then I did have a comment regarding the previous slide and I'm going to piggyback on what Shelley had said.
She made a good point and I would appreciate if OHCS can clarify whether this is, if it's an intentional policy preference. And if so, how does this affect urban hiding preservation projects with deeply affordable units. My concern there is that it could unintentionally skew the scarce funding sources. You know. Without a sufficient nuance so it's not, I'm not saying that it's wrong, it's just that I'm asking for like. Transparency there, transparency.

GRAMP Heather * HCS 47:46
OK.
Thank you.
Did you have any?
Could you make a suggestion as to what specifically is skewing? Could you?
I would just love if that was clarified.

Rosie Andalon 47:57

I can't, but I need to put a little bit more thought into it because again, I just got this this morning, so I was just kind of writing it down quickly.

GRAMP Heather * HCS 48:04
OK.
Thank you.
Yeah, and written comments are great too.
Thank you.
OK, I think that is Jessica. Yeah.

DAVIS Jaci * HCS 48:14
It looks like we got Jessica's the last one.
Good. Hands up, yes.

Jessica Blakely 48:18
Yes, sorry. I'll go really quick just wanted to echo Shelly with the PBRA at risk that first critical priority if there's any way to adjust that to three years would really help because it takes a little bit of time to put these projects together.
The other thing, and I'm just wondering if there could be consideration for a step stepping stone between the critical and high priority with the percentage of units that are PBRA.
And you know, whether it's 3325, whatever it is.
Just giving that added little bit of flexibility and I wonder if we've considered not just PBRA but considered project based voucher contracts that are set to expire as well.
Because the Housing Authority is very constrained in resources and not allowed to put out more project based voucher contracts, but potentially that that could be a risk that we haven't yet identified.

GRAMP Heather * HCS 49:18
Yeah. Thank you for that feedback. And I'll go ahead and look and see how we describe that in the manual. Make sure it's clear that any flavor that's project based would be eligible.
Thank you. OK.
Great. Let's do the third category. We're already there, OK?
Now this is our risk of loss around physical condition and artery touched on earlier about how this used to be physical and financial issues.
However, the I mean these are both are both very can be very technical, and hard to define. We know we've when we started with the framework we wanted like kind of maximum flexibility, right. One rehab looks very different from another rehab.
So while trying to maintain that flexibility but come up with a rubric that's kind of we're trying to land in the sweet spot, we did peel off the financial instability challenges because we have our property stabilization investments resource that we rolled out about six months ago now. So this does focus on physical condition, but within the category otherwise, there weren't any course corrections.
There, the one piece I think that was different in the manual that we had talked with partners about and we did talk about some other ways to define this and we step, we walked back, from those because we recognize putting like kind of years and you,

know again, rehab can be defined find so many. There's so many variables, so we're trying to keep it flexible, but the one thing that we did add to the manual was that given the limited resource because, we have seen some applications from quite new properties. So we're kind of banking on partners stewarding the properties and that if you as an organization determine that the rehab of a property that is 20 years or newer since put in service is a priority for you that we would have you put a pause on other resources for new construction during that time. So if an organization is saying that is our number one priority and yes, it's a newer project, but it has need and that was kind of the one change we made for this category.
So yeah, let me see.
We have some feedback.
Go ahead, Jessica.

Jessica Blakely 51:28
Sorry.
I thank you for putting the preservation applications don't count towards the two project maximum or per applicant in the ORCA limit. Oh my gosh. Like it's a blessing to have that called out. So thank you. On the table #3 though, I would, I would ask that housing authorities be listed in the critical high end medium priority as an applicant and the reason being is that oftentimes we're being brought projects that are not our own, they're community projects that are suffering or maybe at risk of being condemned or something and you know, we're kind of being brought these projects and saying, hey, Housing Authority, please fix this. Take this on and with the constrained resources that are out there. You know, oftentimes we have to turn those away and they're very vulnerable populations that those house those buildings serve. And so, you know, I think, we've proven ourselves as affordable housing, one of the largest affordable housing operator in the state of Oregon. And I would like to see a specific call out for housing authorities in this space.

GRAMP Heather * HCS 52:40
OK. Thank you for that comment.

DAVIS Jaci * HCS 52:43
Thanks. It looks like Erik is next.

GRAMP Heather * HCS 52:43
Great.

Erik Pattison 52:47
Yeah. Thank you.
I think I have a context question. So removing the financial risk from this manual, does that understood that the PSI program is there to fund that? Those are a different funding source, correct? So is it true that by not including financial risk in this program is that limiting access to that funding stream?
That makes sense.

GRAMP Heather * HCS 53:22
What you'll see here, yeah, great question. What you'll see in another couple slides is a

move to a big change is to move to a decision window where when we have resources which we don't right now when we have a resource, we will announce technical details about it, so that's what we did with our PSI in October, right with lottery bonds. We also have 11-Q that will be opening up in the next few months here so we can, as we as an agency, will put out resources and whether it's stabilization or preservation, or a little bit of both. We've seen a reason why an entity wouldn't be precluded from meeting the stabilization metrics and wanting to do preservation at the same time. It probably isn't really a reason why it couldn't be both. But for our kind of bread and butter preservation. We kind of pulled that out and up because it has such different and very specific criteria. Does that help?

Erik Pattison 54:21
Yes, I suppose. Yeah. More specifically, if the PSI program is funded with lottery bonds and this program allows for Article Q Bonds right? If general obligation bonds are not available for whatever four years because of politics, et cetera, then does that mean that there is kind of that window is closed because I think there's a significant potential for some projects to be addressed in a very early stage rather than allowing for physical distress to occur. Might be a cheaper way to do it if that makes sense, like a small loan by down and some OAHTC'S might set a project up to be stable for a long period of time. But if the only time that that funding is available is when the LIFT type funds are made open, then that door is kind of shut anyway.
Hopefully that makes sense. That's fine.

GRAMP Heather * HCS 55:27
Yeah, I think we've and we've got note takers capturing that. I think I hear what you're saying around. It's almost like a different flavor of stabilization, allowing some buy down like with OAHTC'S. Maybe that's not exactly the PSA metrics. So we'll take a look at that. Yeah. Thank you.
All right, next is moving along.

DAVIS Jaci * HCS 55:46
But Kevin, I think.

GRAMP Heather * HCS 55:48
Yeah, go ahead, Kevin.

Kevin Cronin 55:53
Sorry. So I guess one of my concerns about this section is that there are, I just want to like understand how vacancy is a determining factor. I guess in that maybe the impact assessment process. But my understanding is that a lot of properties don't have sufficient reserves to help complete unit turns and then that will start to compound once you don't have the resources to get a unit up to being rented. Then you'll slowly lose even more income over time, and the property will be at instead of just physical loss. financial loss very soon after. And then so like I just have a question about that. And then my other question is like for instance COVID and the inflationary period after COVID has really been disruptive. And so there's a clause in here that people that get funds can't seek new funds for two years from OHCS and so I just like we've had kind of a Black Swan event with COVID and the inflationary period. And I

just wonder if you know, we were penalizing people too parsley with that so I guess those are my concerns and questions about the section.

GRAMP Heather * HCS 57:22
OK. Thank you for that. Yeah, just to respond, just in case there was a misunderstanding. The prohibition on funding for two years is only for those who are bringing us a newer property rather than us. Put guardrails around years like a prop rating. Medium higher critical based on the age of the property. We didn't want to, kind of, we wanted to be more flexible, but we do know that when people bring us very new properties, wanting rehab, that would not be a high priority for us. And so that doesn't apply to all projects. It was just the newer projects and thank you for your comments.
OK. Let's take two more. Erik, do you want to go ahead?

DAVIS Jaci * HCS 58:06
Eric, just one.
I think we got Shelley left.

GRAMP Heather * HCS 58:09
Oh.

Shelly Cullin 58:10
Yeah, I know you're really swamped, but I wanted to bring this up in the whole group in regards to the 11 Q bonds and the requirement of the shared first lien position and the documentation I am concerned. I don't know, have you guys reached out to RD. to find out if it's to be able to explain your restrictions because if you haven't.
I certainly would like to see that done and if you need help with coordinating that, because if they do not allow this, then how do we preserve world development properties? Because, you know they would, you know, unless you're setting aside other resources like your gap for preservation, because that's a huge if we're. If you're just going to do these 11 Q-bonds for preservation now with the different, you know, with the bonds and the 9% and GAP only or whatever. For the different types of set asides that you do, then we would not ever be able to preserve the road development properties if there's not another source. If you, if there's not an agreement that RD can live with this and I'm a bit concerned about that language.

GRAMP Heather * HCS 59:25
Thank you very much and I wish I could remember because I know our DOJ attorneys, I'm remembering this topic coming up that I have so many details on this in my head, but that is absolutely a critical point. Thank you for sharing that. And if it, if it's not something we've already asked and answered with our Department of Justice attorneys, then it'll be on the list. Thank you.

Shelly Cullin 59:45
And I'll add it to my comments and stuff. You know, I'll just go back through and some of the stuff I brought up and try to get your comments this week and stuff too.

GRAMP Heather * HCS 59:56

OK. And I think so. It sounds like Erik was not. I was thinking Erik was next. Is your hand just? Did you have a comment, Erik or?
Anything.

Erik Pattison 1:00:05
Yeah, sorry I didn't put it down.

GRAMP Heather * HCS 1:00:07
Oh, OK, OK.
So other folks were tracking on that, all right.
Thank you for all that feedback and I'm really looking forward to reading some of the written feedback as well.. That'll be great. Yeah.
Next slide.
Let's look at just a couple more slides here. Really skipping over some of the kind of skimming the key contents. We thought, you know, since repetition is often useful, there are some parts of the manual where you may notice there are simply like reinforcing that preservation to the extent it can is trying to just row in the same direction as ORCA and make things predictable for our partners. So there's quite a few, like policies, procedures and standard things like the type of beneficiaries for example, that we just say, yes, this is the same as our practice, but we did call out in the manual some unique features for preservation because they really are just different, we have our own excluded property types policy you may have noticed in the appendix, a scattered site policy, we talk about capital needs assessments and hopefully we're trying to inform partners that there are standards for capital needs assessments and where to go to find those when you are contracting for that so that you're we're well equipped to move through the process and then leverage and funding considerations we just touch on in the manual. We don't have a detailed, like a formula or leverage test at this time. We've talked about in some of our engagement that we did the last few months that projects that can carry debt. The goal was to carry some debt. To leverage funds, given our highly constrained gap resources, so we will be coming out with a lot of those kinds of details and technical advisories moving forward rather than kind of baked in to a manual because we don't know the scale of resources in any given year that we may or may not get and then last, tenant vulnerability is unique to preservation as well, and that's described in the manual. The factors and you saw that on those last three tables we looked at, there's a couple of our, two out of the three of those have tenant vulnerability as a factor in ranking projects, so those are some of the things that we're hoping are very helpful to applicants. I don't know if they've ever really been written and spelled out as visibly before, we have this manual. So yeah, we'll take comments on anything that's covered on this slide now. Jessica, go ahead.

Jessica Blakely 1:02:35
Hi. So when it comes to the PuSH program and PuSH program only, the rest of this looks good for other preservation deals. But oftentimes we don't have access to calculate tenant vulnerability as well as get a capital needs assessment done because we're looking at acquiring the building so we don't actually have it within our control yet, so I wonder if the manual can have specific call outs when it relates to

the PuSH program specifically and trying to acquire buildings from other owners for the purpose of preservation.

GRAMP Heather * HCS 1:03:08
OK. Thank you for that comment.
Shelley.

Shelly Cullin 1:03:13
Yeah, I'm going to add this to my written comments too, but one of the things this is a recent lived experience, we have, we did a small GAP only Project 14 units which you know we're trying to look at preserving all types of properties and you know we're working on a nine unit project now and one of the criteria in the policy and guidelines manual is the timeline. Trying to get things paid for so we all want to get capital needs assessments done as soon as possible so we can evaluate our project, be able to show you in that intake process what are the rehab type activities and your guidelines manual says that you won't regard anything outside of six months of a reservation letter. So that means getting all the way through impact assessment till you get that reservation letter. If you have GAP only on a small project that can't carry debt, then you know and we also we did ask for a small developer fee which doesn't pay for our costs, which you know if anybody's doing it or nonprofit, it wouldn't pay for your costs so we've had to come out of pocket to pay for some third party reports because of that timeline. So I'm going to. I may or may not be able to detail that here in this feedback, but it's something that I really want you to look at as far as how some of these things don't mix with your guideline manual and the new ORCA process, because it takes so long. And then if you're on impact assessment and you get that approved, but now you're waiting for resources you could be sitting there six months to 8 months, you know, and you basically say after a year or two years you want to see an updated CNA. Well you might pay for that update, but you won't pay for the original. So that's a little disheartening when you're trying to preserve all size of projects and you can't have debt or it's not a tax credit project and you can have other resources to pay for that third party report or costs that are incurred 6 months before you get that reservation letter.

GRAMP Heather * HCS 1:05:28
Yeah. Thank you for and quite a few of these comments today I think will also be shared with our team that looks at our ORCA policies and processes as well, so thank you. We'll take one more comment and I'll quickly go move through the last slide and get to our impact statements. Kevin, go ahead.

Kevin Cronin 1:05:48
Yeah, I'm sorry, I have a couple of things on this and then I have one more I think really critical thing I need to bring to the group and maybe we'll get to it.
What's on PSI for this, the excluded property types? I think there should be some clarification, so one it's unclear if specific different Project Turnkey's would be available to pursue this process. There's language about shelters, but Project Turnkey's are kind of unique on a case by case basis, so it might be important to add some talk about that. Secondly, the City of Portland passed a new like acquisition fund as part of using money from their landlord registry and those types of projects might not necessarily be

eligible in this process, and they might be a good fit as well. They might not be our top priority right now because we have a lot of stuff that's, you know in the pipeline, but I don't want to exclude that type of thing from the future. So that's another thing that I was thinking so.

GRAMP Heather * HCS 1:06:58
Thank you for that. And I think you mentioned PSI and I'm going to ask if you can maybe reach out to me separately or because we're really not going to get into PSI metrics today.

Kevin Cronin 1:07:08
It's just about the the 1% financing fee. It doesn't make sense if we're trying to rescue projects and financial distress to charge them 1%, so.

GRAMP Heather * HCS 1:07:09
Is that correct?
OK.
All right.
Thank you.
Last slide for me please, if you could advance think I have one more.
Yeah, I'm going to go very fast.
So for those of you who've reviewed the manual in advance, if you saw anything and you want to comment on it, please do. Just kind of, I don't want to be presumptuous and say boilerplate, but pretty standard sort of application process. We're getting through impact assessments. Those of you who are familiar with our ORCA that's included there, we describe the decision window, which I know we did. We talked a lot about our engagement. I already touched on it around the desire for predictability, for partners releasing technical details, opening and then closing a decision window and giving you certainty about whether and when your project is moving forward. And then I don't think we had really put out before sort of right written down some of the boilerplate funding, terms and conditions, all that kind of boilerplate. Good stuff. So those are other key purposes of the manual. Was some of that routine business. So let me just take a couple comments before I pass it back to Jaci.
Achel.

Rachel Bidou 1:08:27
This is Rachel.
I think that's OK. It's an R.

GRAMP Heather * HCS 1:08:28
Oh, I saw the BI apologize.

Rachel Bidou 1:08:33
Yeah, this is Rachel from NOAH. I just wanted to comment on the funds being available through a loan and not a grant, I was wondering, we've noticed that the department is moving towards lending instead of granting funds, and particularly with preservation. It is really difficult for these properties to take on even additional soft debt. Not only does

it create a situation where you know more subsidies will be required on the back end, which the OHCS will probably be a part of later, but also, particularly with culturally specific organizations or not? Not smaller, not-for-profit, community-based organizations who are doing development and maybe don't have the property under third party ownership structure, since they perhaps are doing a GAP only project, this would be on their books and that you know increases their liabilities. And when it comes to investors and lenders looking at the strength of a sponsor, having a loan on there is detrimental to their, you know, financial stability.
In the eyes of investors and lenders, I just wanted to call that out as something that is hard for a preservation project. Also, they don't usually have a lot of value, so there would be an LTV issue, in addition to that.

GRAMP Heather * HCS 1:10:14
Thanks. Yeah, thank you.
And like I said, we will certainly share some of this general feedback across with our ORCA team as well so let's go to one more call. We've got a couple of hands. I'm going to defer to Jaci about a time check in terms of how you want to how many more comments you'd like to take.

DAVIS Jaci * HCS 1:10:24
It's like Kristen is next.

GRAMP Heather * HCS 1:10:31
Jaci, do you have some guidance there?

DAVIS Jaci * HCS 1:10:32
I know we still have our impact statements to get through and so I know we have about 20 more minutes of our our planned meeting time together as well.
So, let's do one more. Jessica, do you mind?
Can you drop your comments in our chat, and I'll grab those and incorporate them?
But Kristen, please go ahead and provide your comments.

Kristen Karle 1:10:50
I'm just, I'll just under score quickly what Rachel said. We're dealing with this exact issue right now on a rural project that does not have any project-based subsidy and we're finding it extremely difficult to figure out how to make this work in order to preserve the project and minimize the risk not only for that project, but for the agency.

GRAMP Heather * HCS 1:11:19
OK. Thank you so much for all the comments.
I wish we had, we could probably talk about preservation for several hours.
It's a complex topic. We have a lot of passionate partners and we have a lot of need out there so we really appreciate your thoughtful expertise coming to the table today and do encourage you to provide written comments as well.
That's all from my part. I'm going to turn it over to Jaci to go through our impact assessment or sorry, I'm in ORCA mode impact statements with y'all.
Thank you.

DAVIS Jaci * HCS 1:11:49
Right. Thank you, Heather.
We are going to be moving through our fiscal and economic and non fiscal related impact statements rather quickly.
We have drafted up some of our known impacts here and we're going to be incorporating all of the feedback that you all flagged as well during the programmatic side of today's meeting.
But I want to highlight any specific things that you all would like us to see, add to or clarify within these drafted statements.
So here is where we would identify any fiscal impact.
That's including state agencies, local governments, small business and again, small businesses defined an ORS 183 as an organization with 50 or less employees.
So a lot of our developers and nonprofits would also kind of fall within that definition.
And if so, if there is?
Is a financial impact or an economic impact to folks?
What does that impact include?
Because these rules are maintained normally to to formalize the framework that's already in existent, we're not changing anything as far as what is currently the process.
So therefore, we do not foresee any other impacts created from these proposed changes.
Our RAC members, if you could please let me know if you agree or would like to provide additional comments to this feedback.
Yes, Rosie.

Rosie Andalon 1:13:25
I'm sorry, are you can I clarify?
Are we talking about the impacts of the roles that you're proposing to make?

DAVIS Jaci * HCS 1:13:31
Yes. So the adoption or the clarity like how we talked about, we haven't updated these rules in quite a long time.

Rosie Andalon 1:13:33
OK.

DAVIS Jaci * HCS 1:13:38
So what we really aim to do is to align the rules currently with what our process is and kind of standing up those initiatives.

Rosie Andalon 1:13:45
OK.
Well, I think it was, Shelly, the one that made a really good point where it's saying that there are some reports of surveys that are being asked for us to provide upfront in there limited amount of time that people are going to be able to get reimbursed for, and that is putting a financial burden to the project and also to the owner, right?
So if there was, if you guys would be able to open up and provide reimbursements or

pay for the reports past six months or so would be great. I mean, that's one of the few things.

DAVIS Jaci * HCS 1:14:22
Thank you, Rosie. Got that rolling down.
See no other comments.
And again, if these if there are comments that you all would like to provide after today's meeting, these impact statements, you can absolutely continue to think about those and provide those in writing to us.
This week I'll go ahead and move us to the next slide please.
Here is our cost of compliance. Again, this is where we would describe if we think that there is going to be any cost to you all in order to implement and and modify your practices to the current rule draft. And because these rules are aligning with what we. Currently doing, we don't see an added cost of compliance for you all in order to have these.
Rule changes.
Comply too, but if there are costs within your organization or small business, please let us know.
Yes, Rachel.

Rachel Bidou 1:15:36
Just going back to what I said earlier about the grant versus loan, I think the cost of complying with the loan documents in at the back end is is pretty significant. Could be millions of dollars for each project, potentially.

DAVIS Jaci * HCS 1:15:55
Thank you.
Making that note.
And thank you, Jessica, for your comment in the chat. I grabbed that one too.
It acts nonpartisanly. Thank you, Kristen.
PH local government. Thank you.
All right, now we're going to be looking at our drafted small business impact statement.
Again, this is a definition that you can find in ORS 183.
I believe it's 390 definition 10, but I can definitely confirm that for folks if they'd like to see that.
But again, we're looking at a small business under 50 employees and because these resources are dedicated through these orca processes and.
We do not believe that private developers.
Would be impacted within the statewide how Preservation Steering Committee and this rack.
It also asked us to speak to how small businesses have been involved and a lot of you represent some of these small businesses. So not only in Iraq, but also in your guys steering committee that's predates this engagement space that really LED into some of the decisions and.
Drafting all of those are incorporated into our impact statement here.
Are there any other impacts to small business that we're not annotating?
Not seen any.
Can I get some thumbs up that we agree with the small business impact statement?

If there's no other additional feedback just to make sure that folks are looking at it and agree?
What is that? Thank you. OK, cool.
Our racial equity impact statement.
Now this is going to be a description not only of how these proposed rule changes are going to be impacting racial equity, but also what types of impacts and and who specifically we see these changes to be.
Impacting around equity.
Preservation criteria prioritizes the rent restricting of affordability.
We definitely have heard a lot about the competing space between our rural and our CSO'S and how some of the ways that our details have impacted other folks, so we want to make sure that when we look at factors such as tenant vulnerability, disabilities and some of those folks within communities that are overrepresented, that we really are prioritizing our projects to preserve those culturally specific organizations or there any feedbacks based off of this drafted impact statement for racial equity? Do you all see any other unforeseen costs or impacts to equity or racial justice within the state.
If we're enacting these preservation changes. OK, I'm not seeing any other feedback on this one. Can I get some thumbs up again an agreement that this aligns to what you all are also seeing in your communities.
Thank you. Again, if you all have any other additional comments to add to this one or the one that's following, yes, our housing cost impact statement, you can absolutely e-mail those over to us. Our housing cost impact statement, what we're really trying to understand it was this this impact statement was created back in the 90s and we really want to try and understand the complexity of our regulatory process and how that impacts our single family, family dwelling, but also really looking at any kind of development cost or distributional outcomes around the housing landscape as well. We don't see this preservation rule change really impacting the housing cost and development for government and in the state of Oregon, especially when we're looking at these individual constructions of small parcels under 12,000 square foot. Do you all see a housing cost impact with these proposed rule changes?
Yes, Shelley.

Shelly Cullin 1:21:15
I'm just a bit confused about the response of why? Why is this related to single family or 6000 square foot parcel? If we're talking multi family of over 5 units that this was confusing.

DAVIS Jaci * HCS 1:21:30
Yes, I agree.
Back in 1995, the way that we talked about affordable housing really was around the construction of and the solution of single family dwelling units. And that was the solution in mind in the the bill that was passed in 1995.
I do think that this impact statement could use some revisions.
Our state is actually looking at like how can we look at revising this impact statement?
I think the spirit of this impact statement is really speaking to the affordability.
It's speaking to what we're seeing in our landscape space.
The cost of developing is there's always, there's around the landscape, there tends to be places where we think we can see negative and positive impacts as well,

sometimes taking from the stock but creating a more affordable housing for folks.
So those types of complexities are what we're really trying to report on.

Shelly Cullin 1:22:27
So wouldn't you come on a look at the fact that preserving existing housing in sort of an acquisition rehab scenario keeping, you know, maintaining affordable housing so that we don't have to keep building new that it's you know basically it's usually cheaper to do rehab and and maintain and upgrade projects so they have another 20-30 years of sustainability and you don't risk their loss. So that exasperating the homeless or the need for new construction? I mean, wouldn't that sort of be in this scenario as far as it being a little bit less costly to, you know, rehab and maintain these and extend their sustainability?

DAVIS Jaci * HCS 1:23:17
That is absolutely some of the cost of comparison that we're talking about.
Thank you, Shelley.
I think I've also we've heard this. I think it was when we were in the PuSH RAC, but we talked about how when we're preserving more in this affordable AMI space that we can actually be also removing some that would be available on the open market and we're reserving them in this preservation space. And does that, does that create positive or negative impact? It depends on who is seeking the housing.
So there's a lot more here as you all continue to dwell on this.
I agree that this 1200 square foot detached single family home is not a very descriptive of and not really informative of what we understand are affordable multifamily housing space to look like. So if you all continue to see, I did take your note, Shelley. But if there are additional notes here. Let's definitely keep that in mind and and send those over to us we'll incorporate when we create that in our filing.
All right, we have a few additional slides I want to quickly move through.
Thank you for all of the feedback. I have been over here taking lots of notes.
These are raw notes.
We're going to refine them with our transcript and our recording today.
Make sure that we're getting exactly the types of comments and feedback that you all provided.
This is fantastic.
This is exactly what we came for, and this was a successful engagement space. Thanks to you all.
Next slide please.
We were also able to incorporate some of the impact statements that in the comments that you all provided around those individual drafted things, and so we'll definitely call those out and make sure that those are incorporated in our Secretary of State's filing next month. We're going to take these slides and we're going to clean them up a little bit more, make sure they're accessible and we're going to add them into that rulemaking engagement record.
All of this will be housed on the OHCS rules webpage and I will be emailing those over to our RAC members as well as soon as we get those filings and things published and ready to go. Here's some ideas about next steps in our estimated timeline. Again a.
Lot of these dates can change based off of conversations, new advice, things that come to us that could impact it.

Good question, Justin. We will be posting.
This the slides and the rulemaking engagement record towards the end of the month. We're going reviewing this month to make sure we bring back all of the feedback that we got today. But as you can see, we're planning to file the notice in June. So sometime in the beginning of June, you'll see some communications go out about that published notice, and we'll also have that rulemaking engagement record also published on the Rules web page at that time. We are going to host a public hearing that's during all of our comment period y'all, that's when we're going to be listening and looking for written comments and taking all of those back into the official record as well, that's going to be hosted here at the department virtually on the 16th of June and we're going to hold our comment period open for basically the entire month of June and then into July, we will conclude our legislative comment period expecting that we are going to file our permanent rule order for Heather and the team sometime before August, probably before the end of July, but you should absolutely stay engaged and sign up for some e-news alerts around administrative rules or just tag our rules webpage. You can refresh it and make sure you're keeping up with those dates that July 28th. That may change, but that is what our plan is right now. And our very last slide, I just want to thank all of you for being here today. As you can see from all of the live hearing, your perspective slide, lots of feedback.
We appreciate all of the expertise that was shared with us today. My e-mail and Heather's e-mail address are on your screen and we can absolutely help serve as your rulemaking contact. So if you guys have feedback, want to make sure it gets back to the team, have questions about what we're doing, what was said, if you have any additional questions. But thank you all for your time and the whole hour and a half y'all we made it. And we did the whole thing within our planned time. So I really do appreciate all of the concerted effort and I hope you guys have a fantastic week and we'll talk to you real soon. Thanks y'all.

Erik Pattison 1:28:02
Thank you.

Appendix



noah
Network for Oregon
Affordable Housing

Oregon Housing and Community Services Department
Attn: Heather Gramp, Hearing Officer
725 Summer St NE Suite B
Salem, OR 97301

Re: Comments on Proposed Rulemaking to OAR Chapter 813, Division 28 (Housing Preservation Fund Program)

Dear Heather Gramp and OHCS Staff:

Network for Oregon Affordable Housing (NOAH) appreciates the opportunity to participate in the rules advisory committee and provide comment on the proposed changes to Division 28 and the new Preservation Program Manual. NOAH is a certified nonprofit community development financial institution (CDFI) that was established initially by Oregon banks to increase the state's supply of affordable housing while fostering smart development and community revitalization. With total assets exceeding $350 million, NOAH offers a variety of loan products to support the acquisition, renovation and construction of affordable housing properties throughout the state.

NOAH has been a close partner working with our borrowers and policy makers to stabilize the existing portfolio of affordable rental homes. Several NOAH clients are recipients of Portfolio Stabilization Investments (PSI) funding. We recognize that OHCS preservation efforts are critical to maintaining the long-term affordability of thousands of homes throughout the state and are grateful that legislators and OHCS are working to establish a permanent preservation program.

Division 28 implements the new Housing Preservation Fund Program (HPFP) by reference to the "Affordable Rental Housing Preservation Program Manual" and the following comments are in reference to Draft v1.1 – May 1, 2026, of this manual.

<u>Page 15 – Funding Terms and Conditions</u>

"All preservation gap funding deals are loans at 1% interest. Loans of 0% interest are considered on request for projects demonstrating special circumstances of financial need, such as having a preponderance of 30% of AMI units. No preservation deals are grants. All deals receive a loan agreement, promissory note and regulatory agreement. Loan terms are 30 years. Interest accrues annually during the term and is payable in full on the maturity date of the loan."

- All loans, including subordinate cash flow loans, add to the borrower's, and in most cases the sponsor's, balance sheet debt. This weakens the balance sheet and financial position of the property and the development group when seeking to access capital for continued housing production. Lenders and investors have set

policies for lending and consider key financial ratios prior to disbursing capital. The additional debt on a balance sheet and/or a large note payable in the near future could limit access to private capital.

- The requirement to fully repay the loan and accrued interest at year 30 creates uncertainty and greatly hinders the ability to refinance, re-syndicate or otherwise recapitalize an asset. Lenders may not loan to projects because the requirement to refinance the senior loan towards the end the OHCS loan term requires either an extension of the OHCS loan or full payment of the OHCS loan, neither of which is certain.
- Lenders may not be able to provide loan terms past the due date of the preservation loan because there is no clarity regarding loan extension or other OHCS requirements that may be put in place.
- Borrowers may hesitate to invest additional capital into an asset that doesn't have cash or revenue to address a large note payable in the near future.
- Tax credit investors will require repayment be delayed until the end of their compliance period at minimum. The interest-bearing loan may also have negative impacts on capital accounts and year 15 exit taxes.
- This structure will create new legal fees for modifications, subordinations and other workouts at year 30.

NOAH suggests that the loan be made either forgivable after a certain number of years of affordability or for an extension of the affordability restrictions. Both of these options provide the state and OHCS with public benefit for their investment in the form of long-term affordability and acknowledge that the project and borrower will not have the financial capacity to repay the notes. Specifically, an extension could be granted within financing documents in exchange for a concurrent extension of the existing restrictive covenants, ideally through the recording of a memo included as an exhibit to the financing documents prepared in conjunction with the new OHCS funding.

More specific details on when a project would qualify for a 0% interest loan would eliminate confusion that may exist over time and with different program managers or borrowers.

Accrual of additional interest will increase the balance due, but it is highly likely and reasonable to assume that there will not be sufficient cash flow to repay the loan in any meaningful way. We agree that public investment should come with public benefit in the form of affordable rents. There is little to no real risk of losing the state's affordability covenant due to payoff. The interest accrual will likely only accomplish adding interest expense to financial statements.

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Affordable Housing

Page 17 – Stabilization

"OHCS developed its Property Stabilization Investments (PSI) resource to bring financial stability to properties with serious challenges covering their existing debt service payments, and support owners as they aim to continue to operate affordable housing.

PSI is not a formal OHCS program guided by Oregon Administrative Rules. This section does not provide a full program manual for PSI and instead outlines basic requirements of this resource offering. Interested applicants who wish to investigate complete details to understand whether this opportunity may be applicable to their project are directed to the most recent PSI Instruction Guide."

- The Property Stabilization Investments, and the established framework, are a critical tool for addressing operating issues before they become physical issues. Funding for this program, and the program itself are not formally established.
- The Preservation Manual implies that all projects must meet one of the 3 "risk of loss" categories which do not include "financial distress". This eliminates the ability for a property without physical condition issues to access HPFP funding. Right sizing debt to allow revenues to cover maintenance is critical for the preservation of affordability, livability and can be a less costly intervention. An ounce of prevention is worth a pound of cure.
- Allow a path for a request of only OAHTCs through the HPFP program and/or limited debt buy down using the PSI framework
- HB 4036 (2026) confirms the legislature's intent to address financial distress by identifying categories of affordable housing at risk of loss, including: Section 4(2)c – "Properties with affordability restrictions in financial or physical distress".

Page 12 - Requests for 4% LIHTC/PAB and/or OAHTC - No Preservation Gap Request

- If OAHTCs are awarded it is unclear if a pass-through exemption would be granted since it is not through the PSI program.
- The "PSI Program Guide" is currently only a webpage, however OAHTC statutory rule 813-110-0013 points to PSI guidance and OHCS determination that a project is in financial or physical distress for pass-through exemption.
- There is an opportunity here to formalize what "preservation" is regarding OAHTC exemptions and criteria for securing the pass-through exemption.
- HB 2087 (2025) confirms the legislature's intent for the use of OAHTCs for preservation in the case of financial distress in Section 9(5)f(B)ii – (f) Qualified borrower who… (ii) Is currently characterized by **financial** or physical distress that threatens its ongoing viability as an affordable housing resource"

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Page 9 – Eligible Beneficiaries

The eligible beneficiaries include 80% restrictions, but the preservation terms require 60%. Is there an intent here to include more mixed income projects?

Thank you for the opportunity to comment on the proposed rules and Preservation Program Manual. NOAH appreciates OHCS's commitment to preserving affordable housing across Oregon and we welcome continued partnership with the agency as these rules and program guidelines are finalized.

Sincerely,

Network for Oregon Affordable Housing (NOAH)

1750 S. Harbor Way, Suite 245 | Portland, OR 97201 | P: 503.223.3211 | info@noah-housing.org
www.noah-housing.org

St. Vincent de Paul Society of Lane County, Inc.
P.O. Box 24608, Eugene, OR 97402
www.svdp.us and on Facebook
Phone: 541.687.5820
Fax: 541.683.9423

June 29, 2026

Oregon Housing and Community Services
Jaci Davis
725 Summer St NE, Suite B
Salem, OR 97301

Re: Public Comment on Preservation Program Rules

Dear Ms. Davis,

Thank you for the opportunity to submit public comments regarding the OHCS' Preservation Program rules. Preserving our existing affordable housing is an incredibly important and incredibly challenging endeavor.

We support the broadening of the language in the actual rule to allow for more types of preservation and stabilization projects to qualify for funding. The bulk of our comments are in reference to the Preservation Program Manual Dated May 1, 2026. We appreciate that the manual acknowledges that every preservation project is different. Each has a different scope of work, different existing affordability restrictions and terms, different markets, different populations being served, and different existing and future financial performance. We feel the terms of preservation funding should ensure that the project can successfully operate and serve low-income residents for the term of the affordability period.

The proposed funding terms indicate that all Preservation funds will be a loan at 1% (with some potentially at zero percent) due and payable in 30 years. While this may make sense for some projects (especially projects that are being fully recapitalized, fully rehabilitated, with no existing affordability restrictions), it may not work for many projects that may have no other options to address needs to ensure successful continued operations.

<u>Debt Repayment</u>
Some projects simply cannot carry the level of debt that is equal to their preservation needs. Even if payments aren't required during the term of the loan, if a project can't pay down the balance during the life of the loan, options are limited at the time of the repayment payment. The typical options would be to either refinance or sell the property to repay the loan at maturity - both options are dependent on the value of the property at time of refinance. Given that affordability restrictions are for 60 years, the property will still be restricted when the note is due (limiting the ability to refinance with a private lender, or the property's value if it must be

sold to repay the debt to OHCS. In some cases, the amount of the outstanding loan could exceed the restricted value of the property.

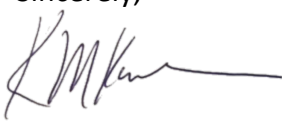
Overall Financial Capacity

When there is no longer a third-party investor partner in these projects, the liabilities for these projects are on the general partner's (sponsor agency) financials. This impacts an agency's overall leverage ratios and debt coverage ratios—which will decrease our financial capacity to do business generally and develop new affordable housing projects.

We appreciate OHCS's intention to be good stewards of public funding, while dealing with limited funding options and working within the requirements of the funding options. As a sponsor that has been developing since 1992 with over 1,400 units of housing, we did want to note that the terms outlined in the Draft Preservation Program Manual may not work for all projects. We absolutely appreciate how difficult the preservation of existing affordable housing projects can be and how difficult it is to make policies that will work when each project is challenged by a different set of issues. We hope that OHCS will work with sponsors to ensure that Preservation funding terms can meet OHCS's needs to ensure their investment is secured while also ensuring the project can be sustainable in the near and long term as well as not adversely impacting the project sponsor's financial standing.

Thank you for your dedication to affordable housing we appreciate the time and effort invested in creating a preservation program aimed at stabilizing and preserving Oregon's existing affordable housing projects.

Sincerely,



Kristen Karle
Real Estate Development Director
St. Vincent de Paul Society of Lane County, Inc.

From: Tamara Holden
To: HCS_DL_HCS_Rules_Team * HCS
Subject: Housing Preservation Rulemaking - Public Comment
Date: Monday, June 8, 2026 7:09:27 AM

Some people who received this message don't often get email from tamara.holden@gres.com. Learn why this is important

Guardian appreciates OHCS's efforts to establish a transparent framework for prioritizing affordable housing preservation resources. However, we are concerned that the proposed criteria for properties with expiring affordability restrictions do not adequately recognize properties restricted at 60% of Area Median Income (AMI).

The current criteria prioritize projects with units restricted at 50% AMI, 30% AMI, or those with project-based rental assistance. While these properties serve households with the greatest affordability needs, many affordable housing developments financed with Low-Income Housing Tax Credits and other public resources are restricted at 60% AMI and remain an essential component of Oregon's affordable housing inventory.

Expanding the criteria in this manner would better align the preservation program with the realities of Oregon's affordable housing portfolio and help prevent the loss of a significant number of affordable units that currently serve low-income households throughout the state.

Tamara L. Holden
Vice President of Real Estate
503-802-3578
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June 29, 2026

James Kwasnik
Oregon Housing & Community Services
725 Summer St NE, Suite B
Salem, OR 97301
via email: Heather.Gramp@hcs.oregon.gov

Re: Public Comment
Affordable Rental Housing Preservation Program Manual Draft v1.1

Dear Mr. Kwasnik:

I write on behalf of Home Forward to provide public comment on the Affordable Rental Housing Preservation Program Manual Draft v1.1 released by Oregon Housing and Community Services (OHCS).

Home Forward is the Public Housing Authority for Multnomah County and the largest provider of affordable housing in the state of Oregon. We serve more than 14,000 low-income households each month through affordable housing units, rent assistance, and supportive services. We own over 7,200 homes throughout Multnomah County and fund rent assistance for thousands of households residing in private housing. Informed by our direct experience as a public housing authority, owner, developer, and operator of deeply affordable housing, we offer the following public comments:

Preservation Overview | page 3

Needed Inclusion of Public Housing Preservation

The draft manual appropriately recognizes that preservation is as important as new production and that the state must protect tenants from housing that could fall into disrepair, become unsafe, or be lost due to financial and market forces. We strongly support that framing. However, as drafted, public housing preservation will be unintentionally disadvantaged because public housing funding does not expire in the same way as many PBRA contracts and other affordability restrictions. We request that OHCS revise the manual to explicitly recognize public housing preservation, including RAD-converted public housing, Section 18 dispositions paired with long-term affordable housing, and other HUD-approved public housing repositioning strategies, as eligible and high-priority preservation activities.

Additionally, the manual should also recognize that preservation of federal rent assistance may sometimes be best achieved by preserving the assistance and tenant stability through a HUD-approved transfer, conversion, or repositioning strategy rather than anchoring the subsidy to the exact same building when that building has extraordinary rehabilitation needs.

To illustrate the needed change within this section, the sentence “A key related preservation priority includes renewing federal rent assistance contracts attached to specific properties” should instead say “A key related preservation priority includes renewing maintaining federal rent assistance attached to specific properties, whether at those exact properties or through transfer of assistance programs offered by HUD.”

Preservation Program | page 4

Prioritization of Nonprofit Providers and PHAs

We request that the specific categories that put properties at risk of loss be revised to not only recognize the preservation needs of public housing as outlined above, but also to prioritize nonprofit housing providers and Public Housing Authorities. It is no longer a valid assumption that mission-driven owners will preserve affordability regardless of financial circumstances and that the greatest preservation risk is expiring affordability restrictions held by for-profit owners. Given today's operating environment, nonprofit housing providers and public housing are struggling to sustain their portfolios. Preservation investments in nonprofit organizations and public housing authorities not only preserve individual properties but also stabilize organizations committed to permanent affordability and housing stability for residents. The prioritization framework should explicitly recognize these broader public benefits.

Need for Acquisition Criteria

We are supportive of OCHS supporting acquisitions as a preservation tool on a case-by-case basis. However, we would ask that clear and objective criteria on when acquisitions will be supported that take into consideration the purchase price in relation to the appraised value and the total costs of purchase plus necessary rehab in relation to the cost of new replacement housing. Such criteria should be outlined in the Manual.

Eligible Applicants | page 5

For reasons outlined above, under the bullet point list of example existing affordability restrictions, we request that either the last bullet point include the word “federal” to expand the types of affordability restrictions to those that do not expire or a new bullet point be added to explicitly call out public housing and converted public housing.

We support not using any standard geographic or community type set-asides for preservations. Preservation needs do not always align neatly with regional allocation formulas, and a single statewide preservation pot is an important way to ensure that the most urgent preservation risks can be addressed.

Eligible and Ineligible Costs | page 7

We support the use of a Capital Needs Assessment (CNA) as a tool for evaluating rehabilitation scope and critical/immediate needs. However, we request that OHCS waive the required submission of an energy audits and potentially wood-destroying organism supplements. These reports can be expensive and may not add meaningful information beyond the CNA for purposes of priority rating.

Preservation Priority Rating | page 9

We request that OHCS revise the priority rating criteria so that mission-aligned owners, public housing authorities, and long-term nonprofit stewards of affordable housing are not disadvantaged when seeking preservation resources for properties in serious physical or financial distress.

The draft criteria create three primary risk categories: expiring affordability restrictions, properties with federal project-based rental assistance, and physical condition issues. For public housing authorities, the first two categories may be unavailable even where the property is deeply affordable and serves highly vulnerable tenants, because public housing assistance is not time limited.

The physical condition category then requires culturally specific organization status to reach critical priority. PHAs, by their public nature, cannot be culturally specific organizations. However, PHAs often serve a disproportionately high share of low-income Black, Indigenous, and People of Color (BIPOC) households compared with the communities they serve. For example, while Black households comprise approximately 12% of Multnomah County households with incomes at or below 80% of Area Median Income (AMI), 42% of Home Forward-supported households are Black. To effectively serve supported households, PHAs also frequently partner with culturally specific and culturally responsive organizations to provide resident services and tenant engagement.

We request that OHCS clarify whether projects rated critical in one preservation category are prioritized above projects rated critical in another category. If multiple projects receive a critical rating, it is unclear how they will be considered. Clear tiebreakers will improve transparency and allow applicants to plan accordingly.

Requests for Preservation Gap Funding | page 13

In the “Preservation Priority Rating” submission requirements, we request that OHCS clarify that applicants may identify culturally specific or culturally responsive service partners, not only developers, when describing partnerships attached to the project. In many preservation projects, the owner or developer may be a public agency or nonprofit housing provider while culturally specific organizations play a critical role in resident services.

Preservation Waitlist | page 14

We are concerned that the preservation waitlist process may leave high and medium-priority projects in indefinite “purgatory” as new critical-priority projects enter subsequent decision window. The manual should explain whether and how long-waiting projects can advance and whether OHCS will reserve some portion of funding for projects that have remained eligible and ready on the waitlist for multiple rounds. Without that clarity, the ORCA expectation that projects will eventually move forward may not hold true for preservation.

Funding Terms and Conditions | page 15

We request that OHCS reconsider the requirement that change orders over $50,000 be approved by the agency. Preservation rehabilitation projects already include lender, investor, architect, owner, and construction inspector review. Adding a separate OHCS approval

threshold could be duplicative and slow necessary work. If OHCS retains a change order approval requirement, a higher and more practical threshold should be set.

Application Update Requirements | page 22

We request OHCS reconsider the requirement of an updated CNA if the outlined time frames occur before closing. With an architect and general contractor engaged in active predevelopment, the value of the information provided through an updated CNA will be minimal. Additionally, the requirement of an updated CNA could have unintended consequences as the updated information could change valuation assumptions used during underwriting for the appraisal.

Treatment of Tenant Vulnerability and Offline Units | page 22

We appreciate OHCS recognizing tenant vulnerability in the preservation priority rating. We request, however, that the manual revise the treatment of vacant or offline units. If a property is in very poor physical condition and has many offline units, removing those units from the tenant vulnerability calculation may make the property appear less in need of preservation, even when offline units are themselves evidence of severe physical distress and loss of affordable housing capacity.

For offline or recently vacant units, OHCS should consider allowing applicants to use the last known tenant data, program restrictions, or other reliable documentation to reflect the tenant population the property is intended to serve. At minimum, units that are offline because of physical condition should not reduce a project's ability to demonstrate need and tenant impact.

Thank you for the consideration of this feedback. If you have any questions, please contact the undersigned at christina.dirks@homeforward.org or (503) 348-1196.

Sincerely,



Christina Dirks
Director of Policy and Planning
Home Forward

OREGON HOUSING and COMMUNITY SERVICES

Affordable Rental Housing Preservation Program Manual

Draft v1.~~12~~ ~~May~~ September 1, 2026

Heather Gramp, Preservation Strategy Lead
Heather.Gramp@hcs.oregon.gov
Revised ~~4/27/26~~9/1/26

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Preservation Overview

Oregon Housing and Community Services' (OHCS) preservation efforts are based on the foundational assumption that keeping existing rent-restricted housing affordable, financially viable, and well-maintained over the long term is as important as building new affordable housing. Preserving the housing we already have is generally more cost-effective than building new housing. But most important, these efforts protect tenants from housing that could fall into disrepair, become unsafe, or simply be lost due to financial and market forces.

Although we refer to the state's efforts to maintain the multi-family affordable rental housing stock as a preservation program, efforts are really two-fold, with distinct resource allocations made available for both preservation and stabilization. While there is some overlap in these, generally preservation means periodically investing in the physical condition of existing affordable projects as they age, in return for extending the rent restrictions attached to the property. A key related preservation priority includes renewing federal rent assistance contracts attached to specific properties.

Stabilization refers primarily to addressing an immediate threat to a property's financial viability. This is largely achieved through using public funds to buy down private lender debt to ensure properties have a positive cash flow. When projects face financial challenges, they can fall behind on maintenance and critical repairs. Thus, there can be overlap between preservation and stabilization.

This manual describes OHCS' preservation program as well as its stabilization efforts. While supporting the preservation of manufactured home communities as long-term affordable housing options is also a key agency goal, this manual is limited to describing our efforts on behalf of multi-family affordable rental housing.

> *"Oregon Housing & Community Services is committed to not only developing more affordable housing but preserving current affordable housing to ensure diversity, resilience, and a sense of belonging within a community can last for generations."*
>
> -Andrea Bell, OHCS Executive Director

Preservation Program

OHCS adopted its first Preservation Strategy Framework in 2023. The framework identified the key types of preservation that the agency supports. Funding is intended to address multi-family affordable rental housing that falls within specific categories that put properties at risk of loss. These are:

- Expiring affordability restrictions;
- Physical condition issues; and/or
- Expiring federal project-based rental assistance (PBRA).

Since the release of the original framework, market conditions have changed and costs have escalated dramatically. These, along with property and asset management capacity challenges, pose new risks to the operational stability and even the viability of properties and portfolios. Financial risk of loss was included in the original framework and is now addressed by offering private lender debt buydown through the agency's Property Stabilization Investments resource. However, there are situations where this solution would be insufficient to prevent loss, and some owners are exploring the disposition of portfolio properties. The department is available for consultation and technical assistance in these instances. On a case-by-case basis and if funding availability allows, OHCS may elect to support the acquisition of a property where a purchaser can ensure viability and offer a stable tenant experience.

Preservation is not one specific thing. Housing partners can propose varied approaches to address these risk categories, including acquisition of an existing rent-restricted affordable property; acquisition followed by rehabilitation; or rehabilitation only, with no change in ownership. Similarly, rehabilitation needs are highly variable and OHCS does not prescribe the project scope. However, OHCS intends for preservation funding in this area to focus on replacement or repair of major systems in aging buildings, beyond what rent revenues and replacement reserves can cover.

The agency addresses the risk of loss of Manufactured Home Parks, which are often a naturally occurring type of affordable housing, though its Preservation of Manufactured Dwelling Parks Program.

Statutory Background

Oregon Revised Statute (ORS) 456.559 describes the duties of OHCS, including to *encourage and assist* in the *rehabilitation and conservation of dwelling units for persons and families of lower income*. In the 2025 legislative session, Senate Bill 51 amended this statute to formally direct the department to establish and maintain an

affordable housing preservation program, including identifying properties at risk of loss and taking action to promote housing stability. This program manual is in support of the Oregon Administrative Rule (OAR) 813-028-001 through 813-028-0090 that implements that statute. Readers are directed to the ORS and OAR references for the guiding language.

Funding for preservation and stabilization efforts has in recent years been made possible through lottery revenue bonds that are issued by the State Treasurer (set forth by ORS 285B.551). Other funding sources such as Elderly and Disabled bonds (OAR 813-030-0005 through 813-030-0070), Local Innovation Fast Track (LIFT OAR 813-135-0010 through 813-135-0060) (when acquiring a rent-restricted affordable project that is less than seven years old, for the purposes of preventing it from becoming a market rate property), the General Housing Account Program (GHAP OAR 813-055-0001 through 813-055-0085), Article XI-Q General Obligation Bonds or other sources may also be dedicated to preservation, depending on legislative allocation and department priorities set each biennium.

The department updates its webpages and releases technical advisories to housing partners as new resources are made available, providing information to reflect the amounts that will be dedicated to preservation and stabilization from specific sources in the current biennium. Knowing both the amounts available and any limitations of sources can help potential applicants to plan accordingly.

Eligible Applicants

Preservation funding applications for multi-family properties are open to many types of entities~~, including nonprofit agencies, nonprofit corporations, local governments, Tribal Nations, housing authorities, and private individuals or corporations as developers. These are defined as follows~~:

- A nonprofit corporation established under ORS chapter 65;
- A housing authority established under ORS 456.055 through 456.235;
- A local government as defined in ORS 197.015;
- A for-profit entity;
- A Native-American tribe; or
- An individual.

Preservation applicants must meet OHCS' standard prequalification requirements that are in effect for all applicants. These relate to portfolio performance, developer experience and legal standing. Where preservation prioritization criteria relate to

culturally specific organizations or other factors, these also align with standard OHCS definitions that are found in the Oregon Centralized Application (ORCA) manual.

While a manufactured dwelling park cooperative is eligible to receive funding through OHCS, those resources, along with technical assistance for park owners, are managed by OHCS' Homeownership Division, with its own criteria and process.

Eligible Project and Property Types

To preserve affordability, OHCS will accept applications for preservation of the following preservation project types. All projects must be for multi-family properties with affordability restrictions in place. Any of these projects may have federal project-based rental assistance (PBRA):

- Acquisition only;
- Acquisition with rehabilitation; or
- Rehabilitation of a currently owned property.

Properties seeking OHCS preservation resources do not need to be currently in OHCS's existing multi-family rental property portfolio. Converting a market rate property to an affordable property is not considered preservation.

Existing affordability restrictions may originate from a variety of sources. Examples are:

- U.S. Department of Agriculture (USDA) Rural Development mortgage;
- Federal project-based rental assistance (e.g., U.S. Department of Housing and Urban Development (HUD) Housing Assistance Program contracts, HUD Section 811, USDA Section 515);
- Federal funds such as HOME or Housing Trust Fund;
- OHCS resources, including the GHAP, LIFT, or other state programs that attach affordability;
- Low-Income Housing Tax Credits (LIHTC), Oregon Affordable Housing Tax Credits (OAHTC), Publicly Supported Housing (PuSH) Seller's Tax Credit, or other tax credit programs; or
- Other state, regional, county or city programs, such as bond funds, so long as the funding attaches an affordability restriction.

Preservation project applications are accepted for any multi-family rent-restricted affordable housing in any location in Oregon. There are no standing geographic or

community type set-asides for preservation; annual technical advisories on the department's funding allocation will make clear if set-asides are in effect.

There is a typically a set-aside in the state's 2025 Qualified Allocation Plan (QAP) for applicants seeking to use 9% LIHTC (in 2025 this set-aside was 25%). Each annual QAP will specify set-asides and other important information for applicants seeking to use 4% or 9% LIHTC for preservation.

Since some preservation projects need to achieve economies of scale for work, applicants are permitted to submit scattered site project applications. (See Appendix A for policy details).

Excluded Project and Property Types

Preservation gap funding historically relies on a specific legislative allocation for preservation (and stabilization). Because preservation gap funding is limited, OHCS has targeted these resources to support affordable multi-family properties of a certain size (more than five units) and has excluded types of properties which are less common, as well as those that often have other funding resources available to them, such as healthcare related facilities, transitional housing and shelters. Although OHCS has funded each of these types of properties with other resources in the past, they are not eligible for preservation gap funding. Details on properties excluded from preservation funding are listed in the Excluded Property Types policy in Appendix A.

Eligible and Ineligible Costs

The preservation program follows the agency's General Policy and Guideline Manual (GPGM). The department expects applicants to be prudent stewards of public preservation resources. To that end, a key principle is that owners should regularly maintain properties, use and replenish replacement reserves, prioritize which of their properties are brought to OHCS for preservation funding, and leverage LIHTC whenever possible.

Generally, the goal of rehabilitation is to extend the useful life of the asset, return a damaged asset to a safe and habitable condition, and/or make other improvements. The department has discretion to determine what is within the bounds of this definition and therefore what is an eligible cost.

A key tool used to evaluate a proposed rehabilitation project is a capital needs assessment (CNA). A CNA helps OHCS be sure that the scope of work and cost estimate supports the critical needs that ~~are~~ have been identified. The CNA is required early in the ORCA application process, during what is known as the Impact Assessment phase. When gap funding is requested and a project is ranked under the

preservation prioritization criteria, the CNA that is reviewed during Impact Assessment must support the original preservation priority rating or OHCS may update the project's Preservation rating based on the submitted information. The requirements for the CNA are detailed in the department's Architectural Index (Ai) (refer specifically to Ai Module 03.01) ~~Core Development Manual (CDM), in the Rehabilitation Supplement~~. The CNA must specify "critical needs" and "immediate/two-year needs" to assist in identifying scope of work items for OHCS funding.

Funding Source Considerations and Constraints

Preservation can be accomplished with an array of sources in a project's capital stack. The department encourages applicants to think creatively about funding resources, including LIHTC, OAHTC, Elderly & Disabled Bonds, Agricultural Worker Tax Credits, the Permanent Loan Program, and ~~flexible~~ preservation gap funding. Because gap funding is extremely limited, when funding is allocated by the legislature for preservation, the department will release details on which sources are available for specific categories of preservation, and in what amounts. Limitations may be in effect, such as geographic set-asides, caps on gap funding, and/or requirements to show leverage of other non-gap resources.

~~Most applicants can expect to be required to show leverage of other non-gap resources, particularly if the project involves a financial transaction such as an acquisition-rehab.~~ Preservation projects are subject to per unit subsidy maximums, gap only project maximums, and leverage requirements (e.g., any projects over 45 units must leverage tax credits), as detailed in the ORCA manual. ~~If a project is unable to meet a leverage requirement, the applicant will be required to demonstrate that investors, lenders, or other sources were unwilling to fund the project.~~

Preservation has an additional consideration for applicants seeking to rehabilitate a project that was constructed or underwent major rehabilitation within the past 20 years. If an owner determines that this is their highest priority from among its existing portfolio of properties, or properties it seeks to acquire or build, they may pursue the rehabilitation but the owner will be ineligible for new OHCS funding for a period of two years from the date of intake of the rehabilitation project. OHCS will consider exceptions if there is an extenuating circumstance such as a construction defect, natural disaster or unusual system failure that is a life/safety risk. For these issues, the request for funds must be for the portion that is not fully covered by insurance or where private lenders are unwilling to assist.

Depending on the project type and funding source(s), there may be varying considerations on cost eligibility and deal structure. For example, lottery revenue bonds do not support operating costs as an eligible use of funds. Lottery revenue bonds are otherwise a very flexible source for preservation projects, and do not constrain other eligible costs or dictate specific financial transaction structures.

If Article XI-Q general obligation bonds are used for preservation, there are some constraints. First, OHCS must be in a ~~shared~~ first lien position, possibly shared with another lender, necessitating reconsideration of the original terms to have shared controls in place in the event of default. That means that using these bonds requires, at minimum, subordination by existing lenders, and potentially a full financial restructure. The latter can be most easily accomplished when a financial transaction is in play, such as in the case for an acquisition or acquisition-rehabilitation. Another scenario would be when an owner seeks to refinance existing debt alongside completing a rehabilitation project.

Projects using Article XI-Q bonds for rehabilitation also need to meet the definition of substantial rehabilitation, below; the source cannot be used on light touch rehabilitation or repairs.

> *Substantial rehabilitation occurs when the scope of work to improve an existing project exceeds in aggregate cost a sum equal to the base per dwelling unit limit times the applicable high-cost factor established by the HUD Commissioner, or when the scope of work involves the replacement of two or more building systems and the cost of such replacement exceeds 50% of the cost of replacing the entire building(s). The base per dwelling unit limit is $19,948 for 2025 and will be adjusted annually based on the percentage change in the consumer price index.*

~~As noted above, d~~Details on sources and projects that may be eligible to apply for those will be released ahead of a preservation decision window (see Application Process, pages 15-17). The department's ORCA Affordable Housing Pipeline webpage will maintain ~~an~~ up-to-date information on ~~listing of the~~ preservation resources available, by source, so that partners seeking funds will be able to know whether their project is a fit with the funding types available. In addition, when an application decision window is opened ~~(see Application Process – Requests for Preservation Gap Funding section)~~, a technical advisory will provide information on which funding source(s) are being made available and will highlight any limitations.

Eligible Beneficiaries

Affordable housing preservation can serve people in existing affordable rental housing who are considered to have extremely low incomes (≤30% of area median income (AMI)), very low incomes (≤50% of AMI), and/or low incomes (≤80% of AMI), depending upon the subsidy source. Subsidy cannot be applied to units intended for or occupied by people with incomes over 80% AMI, and applicants should request funds on a pro rata basis for affordable units only.

When preservation gap funding is requested under one of the risk categories that~~, the department~~ uses unit rent levels as a factor in setting the project's priority for funding, the existing rents that got the project that rating must be maintained. ~~;~~ ~~therefore, these~~ If the project is funded, rent levels that had been at or below the standard preservation rent restriction of 60% of AMI must be maintained. ~~(as a maximum; lower rent levels are permissible) if the project is funded~~. For turnovers of units that had been above 60% of AMI, the unit will be restricted to 60% of AMI,

Some tenants would face more challenges than others if they were faced with losing their current affordable housing. For that reason, when defining "risk of loss" for two of the three categories of risk – Expiring Affordability Restrictions and Physical Condition Issues – OHCS prioritizes preservation resources that will benefit the most vulnerable tenants, which are defined as those that meet both of the following:

- Households that have Very Low Income (earning ≤50% of AMI), and
- One or more of the following is true of at least one household member:
    - Is a person with disabilities
    - Identifies as a member of a ~~particular~~ cultural community that has faced housing discrimination
    - Is a child under age 18
    - Is 62 years or older

Tenant vulnerability appears in the criteria that are detailed in the following section~~,~~ so that applicants can understand how their tenant population make-up may affect their preservation rating when seeking gap funding.

Preservation Priority Rating: Categories and Criteria

While the Preservation Strategy Framework is a high-level guide to OHCS's philosophy and goals for preservation, available funding levels fluctuate. New models and best practices may emerge, and partners provide valuable feedback about their real-world preservation experiences and current needs. Any of these may change OHCS' funding approach. OHCS aims to balance predictability for partners with nimbleness

where necessary. For that reason, the criteria below that inform the priority rating are revisited annually and are a critical item that partners should scrutinize before applying.

The criteria are applied for any resources that are limited, including all gap resources and 9% LIHTC applications (even when not requesting gap). If the department were to reach its private activity bond cap or Oregon Affordable Housing Tax Credit limit, it reserves the right to apply these criteria to those resources; a technical advisory would be released in that instance.

1) Properties with Expiring Affordability Restrictions

Risk of loss is defined as:

- The latest affordability restrictions expire within seven years; and
- Applicant owns or plans to purchase an affordable rental property; or
- A property was already acquired on short-term bridge financing within the 24 months prior to application, with the intent to preserve the property;

Applicants can look up their location on the Oregon Geographic Designation map:
All ~~rural~~ Rural and Suburban-Small City projects ~~-~~ are ranked critical in this category.
Ranking for Metro and Urban Non-Metro projects is according to the table below.
~~For urban projects:~~

Table 1: Metro and Urban Non-Metro Expiring Project~~s~~ Criteria ~~and Definitions~~

	Critical Priority	High Priority	Medium Priority
Affordability relative to market	**50%** or more units are rent-restricted to ≤50% AMI or have PBRA attached *-or-* 25% or more units are rent-restricted to ≤30% AMI or have PBRA attached	**25%** or more units are rent-restricted to ≤50% AMI or have PBRA attached *-or-* Project includes *any* units rent-restricted to ≤30% AMI or have PBRA attached	All other urban projects expiring in the next **7** years will be ranked as medium priorities
Potential impact on tenants:	~~33~~**66%** or more of tenant households are vulnerable	~~33~~**50%** or more of tenant households are vulnerable	

2) Properties with Federal Project-based Rent Assistance (PBRA)

Risk of loss is defined as imminent risk to rent assistance, specifically:

- The maturity date of a USDA RD mortgage; or
- An application for pre-payment has been submitted. (Note this is not eligibility for prepayment); or
- The expiration date of HUD Project-Based Rental Assistance (PBRA) contracts; or
- The expiration date of any other type of federal rental assistance.

Table 2: Properties with PBRA Criteria ~~and Definitions~~

	Critical Priority	High Priority	Medium Priority
Imminent risk to rent assistance:	PBRA is at risk ~~in the next **2**~~ in less than **3** years	PBRA is at risk in the next 3-**5** years	PBRA is at risk in more than 5 years but within the next **7** years
% of units with PBRA	At least **50%** of units have PBRA	At least **50%** of units have PBRA	At least **50%** of units have PBRA -

For a property with PBRA, it will usually be advantageous to apply under this category. Thus, if acquiring or rehabilitating a property with PBRA, applicants are encouraged to look at the criteria to determine the best category to submit under.

Some projects have project-based rent assistance that does not have an expiration date, or which expires many years in the future -- but these projects may have more immediate rehabilitation needs. For these, applicants are encouraged to consider applying under the "Physical Condition Issues" category, below.

3) Physical Condition Issues

Risk of loss in this category is ~~defined as~~ the degree to which the project has critical life/safety and/or immediate/two-year needs to rehabilitate or replace major systems, and that these costs~~that~~ cannot be covered by rent revenues and/or replacement reserves. The more systems deemed at risk, the higher the priority rating, as further detailed below. ~~These will be verified in the CNA during Impact Assessment.~~

~~There are no limitations placed on the time since constructed or last rehabilitated, but applicants seeking funding for a property newly constructed or rehabilitated within the past 20 years will make the owner ineligible for new OHCS funding for a period of two years (from the date of initial intake). Thus, all partners are encouraged to steward their replacement reserves and prioritize projects carefully. OHCS~~

~~will consider exceptions if there is an extenuating circumstance such as a construction defect, natural disaster or unusual system failure that is a life and safety risk. For these issues, the request for funds must be for the portion that is not fully covered by insurance and/or where private lenders are unwilling to assist.~~

Table 3: Physical Condition Issues Criteria ~~and Definitions~~

~~–~~	~~Critical Priority~~	~~High Priority~~	~~Medium Priority~~
~~**Applicant:**~~	~~CSO*~~	~~CSO or CRO~~	~~–~~
~~**Risk of Loss:**~~	~~Project is currently at risk~~	~~At risk within the next 5 years~~	~~At risk within the next 7 years~~
~~**Potential Impact on Tenants:**~~	~~**66%** or more of tenants vulnerable~~	~~**33%** or more of tenants vulnerable~~	~~**33%** or more of tenants vulnerable~~

~~*CSO (culturally specific organization) and CRO (culturally responsive organization) per ORCA manual~~

	Critical Priority	**High Priority**	**Medium Priority**
Risk of loss of systems with critical or immediate needs	At least **4** major building systems	**3** major building systems	**2** major building systems
Potential impact on tenants	66% or more of tenants are vulnerable	At least 50% of tenants are vulnerable	At least 33% of tenants are vulnerable

For the rating, risk of loss is defined as:

1. Number of major building systems that have been identified as being critical life/safety or immediate/two-year needs; plus
2. If applicable, the number of major building system(s) not already present in the building but where there is a need and plan to install new (e.g., lack of an elevator in an older building with a high percentage of people with disabilities). Need must be demonstrated via narrative description and quantifiable factors such as tenant profile, market comparables, state benefit, or cost efficiency.

Major systems are defined as:

1. Electrical service, distribution and wiring
2. Elevator, lift or other conveyance
3. Substructure foundation and/or basement
4. Building shell (exterior walls, sheathing, siding, windows and exterior doors)

5. Roof replacement
6. Heating, ventilation and air conditioning
7. Plumbing, water distribution, sanitary waste, and/or rainwater storage
8. Fire protection and/or suppression

This list was adapted from the U.S. Department of Commerce, National Institute of Standards and Technology *UNIFORMAT II Elemental Classification for Building Specifications, Cost Estimating, and Cost Analysis*.

Within these eight categories of major systems, applicants do not need to meet *every* aspect of the system that is described within a numbered item on this list, but must meet a reasonable portion. Conversely, addressing multiple items within one category is only counted as addressing one system. For example, for building shell (#4 above), if only sheathing and siding are needed, this meets the reasonable threshold and counts as "one" major system for #4 but does not count as two systems.

Major systems at risk must be identified at the initial preservation rating step by any of the three following methods. Note that for any project that moves forward, once in ORCA Impact Assessment, the usual requirements and standards for a CNA will apply and the initial rating must be verifiable:

1. CNA that may not initially meet ORCA requirements (e.g., is older) for but must be prepared by an independent third party; or

2. Cost estimate prepared by an independent third party (e.g., general contractor, architect, inspector) that clearly describes that a system is failing and is an immediate need; or

3. Description and evidence that a system has outlived its expected useful life. Evidence means photos and documentation, such as an inspection report that supports the claim.

A final note on this category is that applicants should keep in mind that the list of major systems above is only used to identify prioritization of the project; it does not ~~relate to~~limit or exclude other items that OHCS funding can ~~actually~~ pay for if the rehabilitation funding does move forward (e.g., just because light fixtures are not listed as part of a major system above does not mean that they cannot be part of the funded scope of work)

Application Process

Preservation funding is made available through OHCS' ORCA process, which provides a continuously available online portal to receive initial intakes to start the application process. The process differs depending on whether the project is seeking 9% LIHTC, 4% LIHTC/Private Activity Bonds (or other tax credits), or whether preservation gap funds are being requested (whether in conjunction with tax credits or alone). Applicants should indicate which funding sources are being sought when they submit an intake.

Any preservation project – with or without gap funds – will move through the ORCA application through a standard stepwise process that helps the department to assess the project, measure its impact, and determine its financial eligibility. The main difference is that when requesting gap funds in their capital stack, there is an extra step on the front end to help prioritize these very limited resources. The Qualified Allocation Plan (QAP) provides additional guidance on 4% and 9% LIHTC requirements.

Preservation applications in the ORCA process do not count toward the two project per applicant ORCA limit.

Requests for 4% LIHTC/PAB and/or OAHTC - No Preservation Gap Request

ORCA Project Intake Forms for 4% LIHTC or OAHTC preservation projects are accepted at any time, and would only be unavailable in the unlikely event that the state hit its private activity bond cap. If no gap funding is requested, then the project is not part of a preservation decision window and can be submitted and advance at any time. In addition, with no gap requested, there is no preservation priority rating and hence, no priority assessment materials are collected. The project moves directly into the next ORCA phase, which is Impact Assessment.

Requests for 9% LIHTC – With or Without Preservation Gap Request

The department's most recent QAP provides information on the annual ~~a 25~~ percent set-aside for preservation projects for the agency's 9% LIHTC allocation. The 9% LIHTC opportunity is offered as an annual competitive funding round. The agency releases a technical advisory each year explaining the timeline and required submissions. Note that the round is competitive for all applications, new construction and preservation alike, with or without gap requested.

When preservation gap funding is requested to be paired with the tax credits, the prioritization criteria and rating steps described in this manual are used. Projects not selected under the 9% LIHTC round are held for a maximum of six months, in the event that projects selected for funding are withdrawn from consideration. After six

months, the projects are removed from the ORCA application process. The QAP provides additional details on how the 9% round works and is a good resource for prospective applicants.

Requests for Preservation Gap Funding – With or Without LIHTC

Due to highly constrained gap resources, preservation projects seeking to use these gap funds will be evaluated using a decision window process. The decision window date range will be announced each year. The frequency of these windows will depend on funding availability. A technical advisory will be released announcing when the window will open and close.

Preservation project intakes are accepted at any time, all year. Applicants will be assigned a WorkCenter in OHCS' application software interface known as Procorem. This is where applicants provide all submissions.

For the priority rating, the items that are required to be uploaded into the Procorem WorkCenter for the step known as "Preservation Priority Rating" include:

- Preservation priority narrative that:
    - Describes the project site, tenant community, building features, partnerships and overall vision;
    - Identifies any culturally-specific or culturally-responsive developers who are attached to the project;
    - Indicates which of the categories of "risk of loss" the project aligns with;
    - Describes the rehabilitation elements in the project, known challenges, and why these cannot be addressed through existing reserves or cash flow.
- History of when the project was placed in service and last rehabilitated;
- Current rent limits and summary of rental assistance; and
- Tenant Survey, used to calculate a tenant vulnerability score.

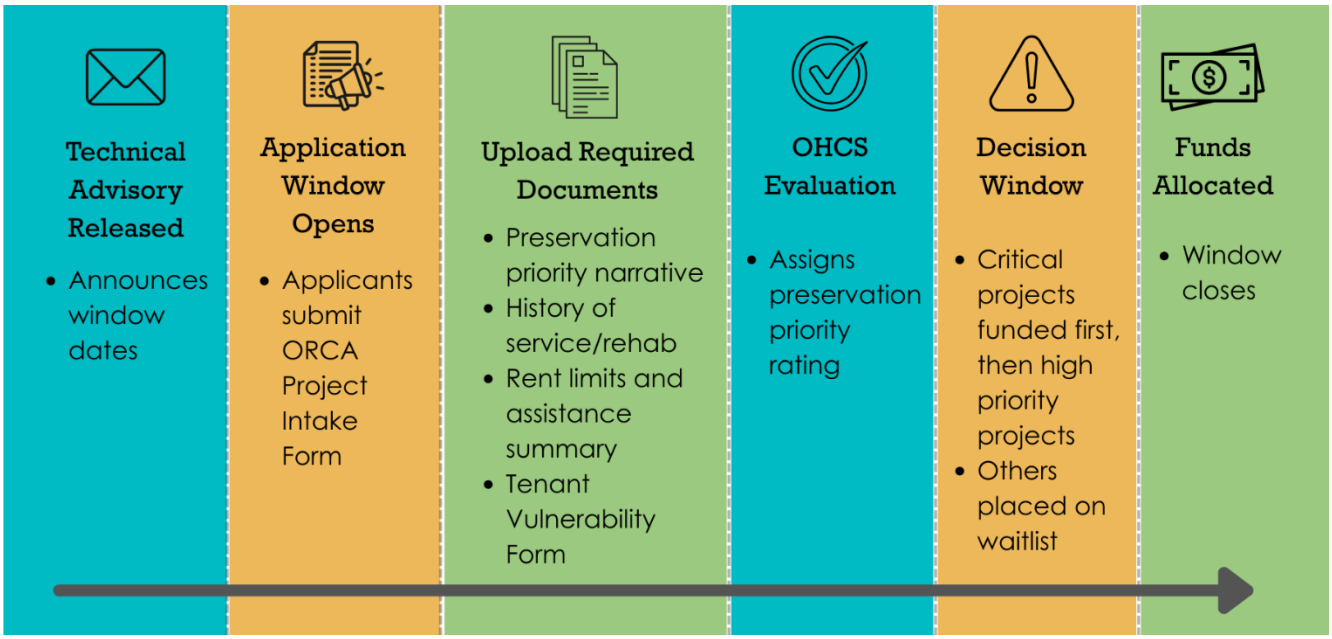
These submissions are evaluated by the department to inform a preservation priority rating that will be assigned to each project. The purpose of the rating is to ensure that OHCS investment aligns with the department's highest priorities, as reflected in the criteria.

During the decision window, intakes that have come in at any time are pooled and the cohort of projects are evaluated all at once. Any projects that have received a rating of "critical" will move forward first, then projects rated "high," until all funds available during that window are accounted for. A technical advisory will describe

tiebreakers in the event that there are more projects than funds available. All other projects will go onto a wait list.

In summary, the steps in the application window process for when gap funds are requested are illustrated below.

Figure 1: ORCA Preservation Funding Process



Preservation Waitlist

After the decision window closes, projects that are not among those that move forward into Impact Assessment will be placed on a preservation wait list.

Projects are put on the wait list under the rating that they received (critical, high, or medium). They stay on the wait list unless applicants notify the department that they should be withdrawn. The waitlist is maintained in accordance with ORCA processes that require updates to materials at certain intervals (see Appendix A – Application Update Requirements). So long as the applicant's materials are current, the project will automatically be included for consideration in the next decision window to be evaluated alongside other applications in the pool. Note that by updating materials, applicants may see their rating change (e.g., the expiration of PBRA or affordability restrictions becomes more imminent with time and could move a project from "high" to "critical").

At the department's discretion, if additional funding comes available before the next decision window, the department may elect to move one or more projects forward.

At any time, applicants can go to OHCS's Currently Available Development Resources page to understand how much preservation funding remains, and how many projects are currently on the waitlist.

Award Process and Notifications

Aside from using the preservation application window, preservation projects that are prioritized to move forward otherwise proceed using the typical ORCA process. This begins with successfully completing the Impact Assessment phase in order to be recommended for a funding commitment by the agency's decision-making body, the Housing Stability Council (HSC). If HSC approves the project, it is a conditional commitment of funds. The project's applicant will then receive a Letter of Intent to fund that outlines all conditions that must be met. Applicants then must complete the Financial Eligibility phase in their Procorem WorkCenter before the project can receive a binding commitment in the form of a Reservation of Funds.

Funding Terms and Conditions

The ORCA manual defines current subsidy limits for acquisition/rehabilitation. (Note that the term "acquisition/rehabilitation" encompasses all of the types of preservation that are allowed, and should read as acquisition and/or rehabilitation.)

Preservation applicants should carefully review the categories to distinguish between projects that are gap-only and projects that seek to use LIHTC plus gap funding, and between limits for urban and rural projects. In the ORCA manual (Version 2.2), rural includes projects designated to be in the small city/suburban geography. Applicants should check the current ORCA manual on the How to Apply webpage for any updates to definitions.

All preservation gap funding deals are loans at one-percent (1%) interest. Loans of zero-percent (0%) interest are considered on request for projects demonstrating special circumstances of financial need, such as having a preponderance of 30% AMI units. No preservation deals are grants. All deals receive a loan agreement, promissory note and regulatory agreement.

Loan terms are 30 years. Interest accrues annually during the term and is payable in full on the maturity date of the loan.

Preservation loans are disbursed according to standard agency practice requiring a draw request with supporting documentation showing costs, as well as requirements for Equity in Contracting (Minority, Women, Veteran-owned, and Emerging Small Businesses (MWESB)) performance, prevailing wage, and/or other regulatory

requirements that may be applicable. Change orders over $50,000 must be approved by the department.

The regulatory agreement for preservation deals requires that units be restricted for a period of 60 years. Units are restricted at no more than 60 percent AMI rents. On a project-by-project basis owners may be required to align with the prioritization criteria that the project was rated under.

Program Requirements

Preservation projects must adhere to the following standard OHCS requirements during construction:

- ~~Construction and development~~ Architectural standards, found in the ~~Core Development Manual~~ OHCS Architectural Standards (OAS) and the Architectural Index (Ai);
- The General Policy and Guideline Manual; and
- The Equity in Contracting Manual.

Post-Award Requirements

In addition to the loan terms and affordability requirements described above, a preservation project must maintain compliance with additional funding terms and conditions for all applicable periods, including but not limited to:

- Continued use of the project for the identified tenant group;
- Continued compliance with applicable reporting and monitoring requirements;
- Continued maintenance of the project in a safe and sanitary condition; and
- Continued provision of supportive services.

Stabilization

Historically, a combination of prudent management, adequate reserves, and carefully planned rehabilitation (with or without additional subsidy) was able to keep properties operational throughout their term of affordability. However, with unprecedented increases in inflation, owners have seen insurance and other operating costs rise substantially in recent years. In response, OHCS developed its Property Stabilization Investments (PSI) resource to bring financial stability to properties with serious challenges to covering their existing debt service payments,

and support owners as they aim to continue to operate affordable housing. As with preservation efforts, the ultimate goal is to protect tenants.

PSI is not a formal OHCS program guided by Oregon Administrative Rules. Thus, this section does not provide a full program manual for PSI and instead ~~outlines basic requirements of this resource offering. I~~recommends that interested applicants ~~who wish to~~ investigate ~~complete details to understand whether this opportunity may be applicable to their project are directed to~~ the most recent PSI Instruction Guide to understand whether this opportunity is applicable to their project.

~~Eligible Projects~~

~~For PSI, projects must be in the existing OHCS multi-family affordable rental housing portfolio. Other factors for eligibility include several financial criteria, chief among them debt coverage ratios (DCR). Projects must demonstrate a history of inadequate DCR ratios but also show that these and other factors can be stabilized to within the standards of a PSI award without raising tenant rents over a maximum threshold.~~

~~Eligible Costs~~

~~Debt buydown (or full payoff, if applicable) is the primary use of funds and is required. Additional uses are optional:~~

- ~~Debt buydown or loan payoff~~
- ~~Repairs, namely those that are due to deferred maintenance and/or offline units that the owner has been unable to address due to cash flow issues~~
- ~~Administrative fee~~

~~Operating costs are not eligible. Note that repairs are capped, as PSI is not intended to fund major rehabilitation.~~

~~Application Process~~

~~Like preservation, stabilization efforts are possible when funding is allocated by the Oregon legislature. As funding allows, OHCS will open a PSI decision window. The PSI offering will be announced through the release of a technical advisory. Potential applicants are encouraged to sign up to receive technical advisories.~~

~~When the window is opened, PSI intakes will be accepted through the ORCA portal. Applications that pass initial eligibility are assigned a Procorem WorkCenter, similar to other OHCS resource offerings. However, the PSI process differs in that it is meant to be more rapid, with fewer rounds of applicant document submission and one round of OHCS review prior to being initially recommended or declined for funding.~~

~~Because financial instability is a critical risk to project viability, and since eligibility factors age rapidly, decision windows are only open for a short time and OHCS does not maintain a stabilization wait list. Funding awards under $1 million are brought before the OHCS Finance Committee for consideration, and funding awards over $1 million will go to HSC for consideration.~~

~~Note that it is possible to pair PSI with:~~

- ~~LIHTC~~
- ~~OAHTC~~
- ~~Preservation gap funds (i.e., a property needs financial stabilization along with rehabilitation that is beyond the limited repairs allowed by PSI)~~

~~Funding Terms and Conditions~~

~~PSI funding deals are loans at one-percent (1%) interest. Loans of zero-percent (0%) interest are considered on request, for projects demonstrating special circumstances of financial need, such as having all 30% AMI units. No PSI deals are grants.~~

~~Loan terms are 30 years. Interest accrues annually during the term and is payable in full on the maturity date of the loan. PSI does not add any years of affordability undelss the property is within five years of its existing affordabilty restrictions expiring at the time of the PSI loan. In that case, five years of affordability are added.~~

~~Once a PSI loan closes, the debt buydown is made immediately available in escrow. If there are repairs, they are handled according to standard agency practice requiring a draw request with supporting documentation showing costs, as well as requirements for MWESB performance, prevailing wage, and/or other applicable. regulatory requirements.~~

Appendix A: Preservation Policies and Provisions

As noted in this manual, the GPGM shares relevant uniform policies and guidelines for allocation of any OHCS resource. Applicants are directed to review the GPGM for overarching policies on topics such as fair housing, MWESB contracting, historic preservation, environmental assurance, and other topics. Applicants using other funding overlays such as federal reources or LIHTC are responsible for meeting those requirements as well. This appendix includes the following references to preservation:

- Scattered site policy
- Excluded property policy
- Treatment of rental assistance in the PBRA risk of loss category
- Application update requirements
- Treatment of missing tenant data

Scattered Site Policy

Scattered site preservation applications will be considered where:

1. The sponsor describes a need to bundle properties together in a single application to make the project viable. For projects seeking to use LIHTC, this can include the need to combine properties needing gap funding with one or more sites that are not requesting preservation gap funds.
2. The sites are all within reasonable proximity to each other, defined as no property being further than 120 miles from any other of the sites in the application.
3. The sites all have the same property management company, and one entity will be responsible for reporting on the compliance and performance of the scattered site project.
4. For projects that include LIHTC resources (either as part of the preservation package or as part of the initial funding) these scattered sites must be combined into one project, reflected as such by checking "yes" in box 8b of the new IRS Form 8609 that is submitted, and otherwise in compliance with IRS Section 42. IRS Code requirements supersede any scattered site requirements found here.

Preservation criteria for scattered site applications will be evaluated on the following parameters:

1. The application will be evaluated on the one category selected by the applicant (PBRA, At Risk for Physical/Financial Loss, or Expiring Affordability Restrictions). The majority of units must be aligned with that category, but not all units need to be. (e.g., For a scattered site application with three sites that all need rehabilitation, and where two of which are PBRA and make up the majority of the units, OHCS will evaluate those two sites under PBRA criteria and the third site under Physical Condition Issues criteria to ensure the latter meets at least medium priority – see #3 below).
2. Where a LIHTC application is requesting gap funding for some, but not all, of the property sites, only the sites that are requesting preservation gap funds are evaluated against the preservation priority criteria, and only those units inform the overall rating of the application. Where sponsors apply with such a mix of sites, they must provide a written request at the point of the preservation half-step. The request should describe the rationale that demonstrates the need for the proposed structure, including evidence that the project is not otherwise feasible without including all sites, and that any one site would not be feasible if submitted independently.
3. All properties that are requesting gap funds are evaluated against the preservation priority rating criteria and must meet at least the criteria for Medium priority in the respective preservation category.
4. Each site is evaluated separately and given a rating, and all of the units in that site have that rating. Then, if a majority of the units meet the criteria for Critical priority, the entire application will be ranked as Critical; if not, but a majority meet the criteria for High priority or greater, the entire application will be ranked as High; otherwise, the application will be ranked as Medium priority.
5. If a majority of the units in the scattered sites qualify as rural (or any other favorable geographic category OHCS establishes), the entire application will be evaluated as rural.

For additional clarification, note that scattered site applications do not need to:

1. Serve the same tenant populations at all sites. However, individual sites must work with their legal counsel to ensure fair housing laws are met.
2. Have the same kind of rental assistance, or rental assistance generally, at all sites.

For exceptions to any of the above requirements, sponsors should:

1. Provide a written request at the point of the preservation half-step. The request should describe what aspect of this preservation scattered site policy the applicant is seeking an exception to, the rationale, and the likely consequences of denying the exception. The explanation should include evidence that the project is not otherwise feasible without the exception being granted.
2. This request is forwarded to an OHCS internal management approval committee.

Excluded Property Types Policy

The following property types will be excluded from eligibility for OHCS preservation gap funding resources:

1. Properties with fewer than five units.
2. Oregon Licensed Community-Based Care Facilities, including Residential Care Facilities; Assisted Living Facilities; Intensive Intervention Communities; and Adult Foster Homes, *except* properties of these types that OHCS funded in the past *and* that now meet the following conditions:
    a. The property is no longer actively licensed; and
    b. The property continues to be under an OHCS affordability restriction and houses income-eligible tenants (note that only affordable units will be assisted).
3. Shelters
    a. Congregate; and
    b. Non-congregate.
4. Transitional Housing, *except* where:
    a. Residents are tenants with at least a six-month signed lease; and
    b. Tenants are not required to participate in any services in exchange for housing.

Treatment of Rental Assistance in ~~PBRA~~ Applications submitted under the Expiring PBRA category

The definition of expiring rental assistance defines "*Imminent risk to rent assistance*" by the date at which a USDA Rural Development (RD) mortgage matures; the

proposed date of prepayment of the RD mortgage; or the expiration date of a current PBRA contract."

OHCS does not distinguish between types of rental assistance that a preservation project must have – only that it is federal rent assistance, attached to the property, and is not tenant-based.

For projects funded under the PBRA category, OHCS will execute an instrument to require renewal of rental assistance, starting with the maximum term available to the sponsor and continuing for the 30-year period of affordability, so long as the rental assistance is available.

OHCS portfolio compliance will collect information on the current status of rent assistance as part of annual sponsor reporting.

Application Update Requirements

OHCS will request applicants to update the following items based on the indicated amount of time elapsed since initial application:

- Percent of tenants vulnerable – update the tenant vulnerability form at the one-year mark, in line with ORCA general requirements
- Expiration date of rental assistance – provide an update on current date of expiration of project-based rental assistance at the one-year mark, in line with ORCA general requirements
- Percent of units with project-based rental assistance – provide an update on the current percent of units with PBRA at the one-year mark, in line with general ORCA requirements
- Recency of Capital Needs Assessment (CNA) – Update as needed in line with the department's Architectural Index (Ai), Module 03.01~~CDM policy~~ requiring CNA to be less than two years old, or less than three years if there has been a desk update after year two. I~~f~~s the CNA ages out, applicants are required to provide the desk update or a new CNA, per the intervals noted.

Treatment of Missing Tenant Data

If tenant data are missing from an ORCA application received for preservation gap funding, the applicant will be given 10 business days as a cure period to either get tenant data or provide supporting documentation that would be accepted in lieu of tenant data. After the cure period, applications with missing data are treated as follows:

- If a unit(s) is offline or vacant for any reason at the time of application, this unit(s) is removed from the calculation (i.e. a vacant unit does not penalize the applicant since it is not counted – either as vulnerable or not vulnerable). The tenant survey should show the unit as vacant.
- If a unit(s) is occupied but the applicant is not submitting tenant information, this unit is counted as not vulnerable.
- The exception is if the unit has a program restriction to serve a household that is defined in accordance with one of the factors that we count as vulnerable. This restriction could be from a local, state or federal program. These include:
    - Programs that have both the <50% AMI income restriction and serve one of the populations identified as vulnerable. Examples are PSH and HUD Section 811 and 202 housing for the elderly and people with disabilities.
    - Programs that serve one of the populations identified as vulnerable but are not restricted to <50% AMI, only if they can show income of tenants in individual units as being <50% AMI. An example is GHAP Veterans housing.
    - The applicant needs to show unit numbers of restricted units and unit numbers of unrestricted units in their tenant vulnerability form.

Qualified Allocation Plan: 9% LIHTC and Tiebreakers

The Qualified Allocation Plan is the overarching reference document for those interested in applying for LIHTC funding. Potential applicants are directed to consult the current QAP and watch for announcements sharing details about the next annual 9% competitive funding round.

Preservation projects that meet all threshold requirements for a 9% LIHTC application will go on to be rated under the preservation criteria for the category that was selected for the application. If there are multiple projects rated as "critical" under the preservation criteria, tiebreakers will be used to identify the ranking of projects. If funding permits, multiple "high" priority projects will be ranked using the same tiebreakers. The following are the tiebreaker criteria, in the order listed below (with criteria 1. being the first considered and criteria 4. being the last) if all else is equal:

1) Projects ~~in the Federal Project-Based Rent Assistance category~~ that have any type of federal, state or local project-based rent assistance that is attached to the project on more than 25% of units (this is regardless of which of the three preservation risk categories the project applied under, and the expiration date, if any, of the rental assistance). Types of project-based rental assistance include but are not limited to

Section 8 PBRA, HCV-PBV, Public Housing RAD conversion, USDA Rural Development Section 515, HUD HAP Contract, HUD 811, and PSH PBRA;

2) Projects ~~in the~~with the earliest ~~E~~expiring ~~A~~affordability ~~R~~restrictions ~~category~~ (ranked ~~in order of~~ using date of expiration of latest expiring restriction~~s~~ on each project, and ordering from soonest to latest);

3) Projects located in ~~zip codes with the highest fair market rate rents for a one-bedroom unit, as published by HUD~~ a city where the highest percentage of existing affordable units are set to expire within the next ten years; if data on a city are not available, the figure for the county will be used; and

4) Projects that would preserve the greatest number of rent-restricted units.

Notes for scattered sites: For #1 the sum of all units will be used as the denominator; for #2, it is the earliest expiration at any of the sites will be used; for #3, the weighted average percentage the proposed units represent; for #4 it is the total of all units in the project.

Appendix B: Definitions and References

- ORS 456.559 ORS 456.559 – Powers and duties of department
- OAR 813-028-0001- 813-028-0090 Housing Preservation Fund Program
- ORCA – How to Apply page (includes ORCA manual): Oregon Housing and Community Services : How To Apply : Oregon Centralized Application : State of Oregon
- ORCA pipeline and currently available resources: Oregon Housing and Community Services : ORCA's Affordable Housing Pipeline : Oregon Centralized Application : State of Oregon
- OHCS Preservation Development Resources: Oregon Housing and Community Services : Preservation Development Resources : Development Resources : State of Oregon
- OHCS Property Stabilization Investments: Oregon Housing and Community Services : Property Stabilization Investments : Development Resources : State of Oregon

From: Em Nichols
To: GRAMP Heather * HCS
Subject: RE: [EXTERNAL] Invitation to participate in Preservation Rules Advisory Committee
Date: Wednesday, May 27, 2026 12:05:18 PM
Attachments: image001.png

Thanks Heather,

We will prepare for the public comment period. Thank you!

Based on the program manual, our comments will probably be along similar lines to what was shared by PHAs in the Rules Advisory Committee:

- We agree with the RAC suggestion that OHCS use <60% AMI restricted rents rather than <50% AMI restricted rents when determining priority for urban expiring projects.
- We share concerns about the accessibility of tenant vulnerability data at the time of application and recommend OHCS consider an additional metric for use when tenant vulnerability data is not available, such as a market vulnerability metric that captures the difference between the expiring regulated affordable rent and a sampling of comparable market rents within a 2 mile radius.
- We agree with RAC members advocating for Public Housing Authorities to be prioritized along with Community Service Organizations.

As a side note, I really enjoyed seeing how your team facilitates the Rules Advisory Committee meetings. Adding that slide at the end with the comment summary was an idea I immediately borrowed.

Take care!

Em Nichols (they/she)
PHA Policy Coordinator

Washington County Department of Housing Services
Housing Authority of Washington County
161 NW Adams Ave, Suite 2000, MS 63
Hillsboro, OR 97124-3072
Ph: 503-846-4814
www.washingtoncountyor.gov
Emily Nichols@washingtoncountyor.gov

From: GRAMP Heather * HCS <Heather.GRAMP@hcs.oregon.gov>
Sent: Tuesday, May 26, 2026 6:47 AM
To: Em Nichols <Emily_Nichols@washingtoncountyor.gov>
Subject: Re: [EXTERNAL] Invitation to participate in Preservation Rules Advisory Committee

Hi there,

The public comment period is open June 1-29 and there is a public hearing on June 16. We are not doing any deep dive on this at today's SC meeting - it's just a 5-min update as there are several other preservation related agenda items.

If either of you are on the OHCS mailing list you should have gotten a notice on Friday of the rule making and where to comment. Please let me know if you need that info. Apologies for not just sharing a few links here, but I am on my phone since my computer died so I'm keeping my messages short for the moment. But let me know if you would like me to send more info later!

From: Em Nichols <Emily_Nichols@washingtoncountyor.gov>
Sent: Friday, May 22, 2026 9:04:33 AM
To: GRAMP Heather * HCS <Heather.GRAMP@hcs.oregon.gov>
Subject: RE: [EXTERNAL] Invitation to participate in Preservation Rules Advisory Committee

Hello Heather,

Molly was sorry not to attend the Preservation RAC. Is there still a chance for Washington County to send some comments on the program manual?

Thank you very much and I hope you have a good weekend!

Em Nichols (they/she)
PHA Policy Coordinator

Washington County Department of Housing Services
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161 NW Adams Ave, Suite 2000, MS 63
Hillsboro, OR 97124-3072
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Emily Nichols@washingtoncountyor.gov

From: GRAMP Heather * HCS <Heather.GRAMP@hcs.oregon.gov>
Sent: Monday, April 27, 2026 9:49 AM
To: Molly Rogers <Molly_Rogers@washingtoncountyor.gov>
Cc: Brittany Finch <Brittany_Finch@washingtoncountyor.gov>; Em Nichols <Emily_Nichols@washingtoncountyor.gov>
Subject: RE: [EXTERNAL] Invitation to participate in Preservation Rules Advisory Committee

Hi Molly –

I have you down as a participant. Thanks! Please look for more information to be sent to RAC members within the week.

In terms of a second person for note taking, I would encourage Em Nichols to join as a participant rather than as a RAC member. Anyone from housing partners or the public can join in listening mode for that purpose, and we expect to have quite a few listening. However, if you would like Em or another person from WA County to bring a different area of expertise specifically as a RAC member, I welcome that. Just let me know.

Heather Gramp | Preservation Strategy Lead
OHCS | Affordable Rental Housing Division
P: 503-881-1729

From: Molly Rogers <Molly_Rogers@washingtoncountyor.gov>
Sent: Thursday, April 23, 2026 2:53 PM
To: GRAMP Heather * HCS <Heather.GRAMP@hcs.oregon.gov>
Cc: Brittany Finch <Brittany_Finch@washingtoncountyor.gov>; Em Nichols <Emily_Nichols@washingtoncountyor.gov>
Subject: RE: [EXTERNAL] Invitation to participate in Preservation Rules Advisory Committee

Hi Heather,

Thanks so much for inviting me to join RAC for this very important new fund.

Brittany will get back to you on whether I can attend the meeting on May 12th once we get our Board schedule published (in case I have to present in front of our Board instead) by your deadline. But I am curious what other time commitment beyond this first meeting, if at all, you would expect?

Also, can I invite Em Nichols, our policy coordinator, to the meeting to be there with me to help me take notes?

Thanks,
Molly

From: GRAMP Heather * HCS <Heather.GRAMP@hcs.oregon.gov>
Sent: Wednesday, April 22, 2026 9:12 AM
To: GRAMP Heather * HCS <Heather.Gramp@hcs.oregon.gov>
Subject: [EXTERNAL] Invitation to participate in Preservation Rules Advisory Committee

Greetings,

Oregon Housing and Community Services is in the process of amending its Oregon Administrative Rules regarding its Division 028 – Housing Preservation Program Rules. The rules need to be updated to reflect the passage of Senate Bill 51 (2025) and establishes the Preservation and Stabilization Fund Program rules.

To initiate this process, OHCS is creating a Rules Advisory Committee (RAC) to ensure community impacts are considered and incorporated, when possible. We would be grateful if you would dedicate some of your time to participating in this process. Participation includes providing your feedback on the proposed rules impact statements; however, we always invite any other feedback around the proposed rule draft that you might have. Both negative and positive feedback are welcome.

A tentative meeting has been scheduled for **May 12, 2026, 10:00 AM to 11:30 AM** through Microsoft Teams. **Please respond to this email indicating your participation by Friday, May 1, 2026**.

As soon as we receive confirmation of your participation, we will provide you with the link to the meeting and meeting materials. We look forward to hearing from you.

Thank you,

Heather Gramp
Preservation Strategy Lead
Policy & Initiatives, Affordable Rental Housing Division
Oregon Housing & Community Services
725 Summer St NE, Suite B | Salem, OR 97301
P: 503-881-1729

From: GRAMP Heather * HCS
To: Jessica Blakely; DAVIS Jaci * HCS
Subject: RE: [EXTERNAL]ARH Preservation Program Manual Draft #2 - RAC #2 Sept 15
Date: Wednesday, September 16, 2026 8:49:13 AM
Attachments: image001.png

Thank you for your comment Jessica. We will definitely consider that as we move to finalize.

Heather Gramp | Preservation Strategy Lead
OHCS | Affordable Rental Housing Division
P: 503-881-1729

From: Jessica Blakely <JBlakely@salemhousingor.com>
Sent: Tuesday, September 15, 2026 2:15 PM
To: GRAMP Heather * HCS <Heather.GRAMP@hcs.oregon.gov>; DAVIS Jaci * HCS <jaci.davis@hcs.oregon.gov>
Subject: RE: [EXTERNAL]ARH Preservation Program Manual Draft #2 - RAC #2 Sept 15

Here is my official and formal comment for the manual.

Jessica Blakely
Salem Housing Authority
Deputy Director
jblakely@salemhousingor.com
Office: (503) 373-3808

From: Jessica Blakely
Sent: Tuesday, September 15, 2026 1:53 PM
To: GRAMP Heather * HCS <Heather.GRAMP@hcs.oregon.gov>; jaci.davis@hcs.oregon.gov
Subject: RE: [EXTERNAL]ARH Preservation Program Manual Draft #2 - RAC #2 Sept 15

Hi Heather, and Jaci,

I want to make sure I put one clarification on the record regarding the Eligible Beneficiaries language on page 10.

My reading is that the language allows preservation transactions to include existing households above 60% AMI, up to 80% AMI where the funding source allows it and then requires those units to transition to 60% AMI at turnover.

If that is the intent, I strongly support it. I think that flexibility is important in preservation. This is what I was referring to with Orchard Park.

We don't always acquire a property that is perfectly aligned with the affordability restrictions we ultimately want to achieve. A property may have had restrictions expire, or there may have been a

period before acquisition when households above 60% AMI were admitted. We shouldn't have to displace those residents, or lose the opportunity to preserve the property, simply because every occupied unit can't immediately meet a 60% AMI restriction.

Allowing those existing households to remain, while bringing the units back to 60% AMI through normal attrition, gives us a practical path to preserve the property, protect the residents, and deepen affordability over time.

My concern is that page 19 still says the preservation regulatory agreement will restrict units at no more than 60% AMI. That could be read as conflicting with the flexibility provided on page 10.

So my request is really just for clarity and consistency between those two sections. If the intent is to allow existing households between 60% and 80% AMI to remain and transition those units to 60% at turnover, I would like that stated explicitly in the final manual, so applicants, underwriting staff, and compliance staff are all working from the same interpretation.

I think that's an important cost neutral preservation tool, and I want to make sure we don't unintentionally lose that flexibility elsewhere in the manual. Thank you for the consideration.

Jessica Blakely
Salem Housing Authority
Deputy Director
jblakely@salemhousingor.com
Office: (503) 373-3808

From: GRAMP Heather * HCS <Heather.GRAMP@hcs.oregon.gov>
Sent: Tuesday, September 15, 2026 8:38 AM
To: Jessica Blakely <JBlakely@salemhousingor.com>
Subject: RE: [EXTERNAL]ARH Preservation Program Manual Draft #2 - RAC #2 Sept 15

HI Jessica,

We are exploring when and whether there can be exceptions to AMI restrictions in a property if needed to cash flow. But at this time we will not make a blanket policy. In fact, gap funds are so limited that we hear many partners comment that they should be directed mainly to 30% and 50% units.

I am guessing you are aware but just to call out that on page 9 of the manual about beneficiaries, we can preserve a project if it comes in with some 80% units, but if preserved and restricted to 60% then at turnover the unit is restricted.

Heather Gramp | Preservation Strategy Lead
OHCS | Affordable Rental Housing Division
P: 503-881-1729

From: Jessica Blakely <JBlakely@salemhousingor.com>
Sent: Monday, September 14, 2026 4:01 PM
To: GRAMP Heather * HCS <Heather.GRAMP@hcs.oregon.gov>
Subject: RE: [EXTERNAL]ARH Preservation Program Manual Draft #2 - RAC #2 Sept 15

Hi Heather,

Just in case, I wanted to provide my comments in advance of the meeting. On page 19 in the funding conditions section, last paragraph:

1. I would like for OHCS to consider using 80% AMI here instead of full restriction at 60%AMI. In the case of Orchard Park, it had already lost its affordability restrictions, and we used GHAP to acquire it. GHAP had an 80% AMI restriction which was great as the staff had rented to people over 60% between the time the restrictions ended and our acquisition. Although it was 80% AMI on the deed restriction, we operated future lease ups at 60% AMI as a strategy to get back into compliance for a re-syndication. Without this flexibility, it would not have been possible. Once we re-syndicated it became 100% at 60%. Preservation needs creative strategy and flexibility.
2. Also, 80% AMI could be a very valuable tool for preservation when we are resource constrained. One example is if I can get approved from OHCS to do the following on my senior preservation project, I can lower my ask for resources from $16M to $5M.
    a. Deed restrict 68/114 units at 80% AMI (Attached with project-based vouchers so residents are protected)
    b. Deed restrict 46/114 units at 60% AMI (Re-syndication 40/60)
    c. This allows me to acquire more debt and request less resources with zero tenant impact

Hope this all makes sense. Thank you for the consideration,

Jessica Blakely
Salem Housing Authority
Deputy Director
jblakely@salemhousingor.com
Office: (503) 373-3808

From: GRAMP Heather * HCS <Heather.GRAMP@hcs.oregon.gov>
Sent: Tuesday, September 1, 2026 2:51 PM
To: shelly.cullin@cdinc.io; tamara.holden@gres.com; Jessica Blakely

<JBlakely@salemhousingor.com>; Juli.Garvey@homeforward.org; Liz Winchester <liz@hdc-nw.org>; rmartyn@bridgehousing.com; rachelb <RachelB@noah-housing.org>; kevin@housingoregon.org; cara@hajc.net; ErikP@noah-housing.org; randalon@casaoforegon.org; kristen.karle@svdp.us; phainley <phainley@casaoforegon.org>
Subject: [EXTERNAL]ARH Preservation Program Manual Draft #2 - RAC #2 Sept 15

Good afternoon,

I am following up on my July 21 message with a reminder that for SB 51 - Preservation Program rulemaking, Rules Advisory Committee (RAC) members are invited to participate in a second RAC meeting on Tuesday, September 15 1:00-2:30pm.

As indicated previously, the good discussion and public comments that we received led to rethinking a couple of program areas, and that is why we are reconvening the RAC. Most significantly, we have changed the criteria for the risk of loss category "Physical Condition Issues," which is used when applicants apply for preservation gap funds under this category. Additionally, at the first RAC meeting in May, our QAP 9% LIHTC tiebreakers for preservation were not yet updated, and we will review these at the next meeting.

Please see the attached Preservation Program Manual v1.2 in redlined version so you can see what is different since the last meeting.

I look forward to hearing your thoughts on these updates when we meet mid-month. The meeting link is:

Microsoft Teams meeting

Join: https://teams.microsoft.com/meet/273703670190775?p=dUyHzcLtqy3bWuCYk7
Meeting ID: 273 703 670 190 775
Passcode: A5Mp76mB

OREGON HOUSING and COMMUNITY SERVICES

Heather Gramp
Preservation Strategy Lead
Policy & Initiatives, Affordable Rental Housing Division
Oregon Housing & Community Services
725 Summer St NE, Suite B | Salem, OR 97301
P: 503-881-1729

From: GRAMP Heather * HCS
To: Kristen Karle; DAVIS Jaci * HCS
Subject: RE: Preservation--Physical Condition Issues Criteria
Date: Wednesday, September 16, 2026 8:48:45 AM

Thank you for your comment Kristen. We will definitely consider that as we move to finalize.

Heather Gramp | Preservation Strategy Lead
OHCS | Affordable Rental Housing Division
P: 503-881-1729

From: Kristen Karle <kristen.karle@svdp.us>
Sent: Tuesday, September 15, 2026 2:08 PM
To: GRAMP Heather * HCS <heather.gramp@hcs.oregon.gov>; DAVIS Jaci * HCS <jaci.davis@hcs.oregon.gov>
Subject: Preservation--Physical Condition Issues Criteria

Hi Heather and Jaci,

I just wanted to submit some feedback on the Physical Condition Issues Criteria.

I mentioned this in the chat, but as Liz and Shelly noted, I think exterior building elements such as exterior stairs, elevated walkways, and balconies should be a separate category for consideration. These can be really challenging and costly to address and are definitely safety issues.

An additional category I'd like to offer is 'site issues' that impact resident safety. I'm thinking mostly of older projects (think 3 acre projects with lots of buildings, sidewalks, parking areas). We are often seeing that sidewalks get lifted from tree roots creating tripping hazards or we have areas where tree roots have lifted asphalt parking areas making those dangerous to pedestrians as well.

Lastly, I don't know if this would fall into the 'electrical' category (or into the new 'site issues' I describe above), but site lighting replacement is another challenging item especially as certain kinds of bulbs get phased out (and entire fixtures need to be replaced because you can't use new types of bulbs in old fixtures).

Thank you for considering these. I admit I am not very eloquent today so please let me know if you have additional questions.

Thanks again,
Kristen

Kristen Karle
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Public Comment - Affordable Rental Housing Preservation Program Manual Draft v1.2

September 21, 2026
Heather Gramp
Preservation Strategy Lead
Oregon Housing and Community Services

Dear Heather,

Salem Housing Authority (SHA) recommends that OHCS consider establishing a limited regulatory relief option for existing affordable housing properties that have completed at least 30 years of affordability and are experiencing demonstrated financial distress.

The draft manual appropriately recognizes that rising operating costs, insurance, debt service, and other market conditions can threaten the long-term financial viability of affordable properties and, in some cases, lead owners to consider disposition. While additional subsidy or debt buy-down may be appropriate for some properties, those solutions depend on the availability of scarce public resources. The manual also acknowledges that preservation gap funding is extremely limited and emphasizes the importance of leverage and creative preservation strategies.

SHA recommends that OHCS have the discretion, on a case-by-case basis, to modify an existing 60% AMI deed restriction to up to 80% AMI after at least 30 years of affordability when an owner can demonstrate that the existing restriction is contributing to material financial instability and that regulatory relief would provide a viable path to long-term preservation. This should not be an automatic entitlement or a substitute for responsible ownership. OHCS could require an owner to demonstrate financial need through operating history, debt coverage, reserves, capital needs, and other appropriate underwriting, as well as demonstrate that the adjustment is reasonably necessary to stabilize the property.

This approach recognizes that preservation sometimes requires balancing the depth of affordability with the long-term viability of the housing itself. Moving a financially distressed property from a 60% AMI restriction to an 80% AMI restriction would result in some loss of units at the deeper affordability level, but it would preserve the property as regulated affordable housing rather than risk losing the property entirely through sale, financial failure, or conversion. It could also preserve scarce state resources for properties where additional subsidy is the only viable solution. OHCS already recognizes financial instability as a threat to preservation and uses Property Stabilization Investments to address that risk when resources are available. Regulatory flexibility could provide another tool when additional public investment is unavailable or is not the most cost-effective intervention.

There is also an important relationship between preservation and production. In communities where new affordable housing production is concentrated at 60% AMI and below, allowing a limited number of older properties to transition to an 80% AMI restriction may preserve an

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affordability level that is difficult to produce through new construction without subsidy, while allowing limited state resources to support deeper affordability elsewhere.

For Salem, SHA believes this type of request could be supported by local housing production and needs data demonstrating where new production is occurring and where gaps remain in the housing continuum. This would allow OHCS to consider regulatory relief based not only on the financial condition of an individual property, but also on documented local housing needs.

Requested Flexibility

SHA therefore recommends that the final manual establish a **discretionary regulatory relief process for properties that have completed at least 30 years of affordability, allowing OHCS to approve modification of a 60% AMI restriction up to 80% AMI when the owner demonstrates financial necessity, continued long-term affordability, consistency with documented local housing needs, and that the modification is a more resource-efficient preservation strategy than additional public subsidy.**

The 30-year threshold is important. This proposal is not intended to allow an owner to receive public resources, operate at 60% AMI for a short period, and then seek relief from the affordability commitment. It is intended for properties that have already delivered a substantial period of public benefit and now face financial conditions that threaten their continued operation as affordable housing. In those circumstances, regulatory flexibility may preserve more affordability over the long term than requiring a restriction that the property can no longer financially sustain.

Thank you for your consideration,

Jessica Blakely

Jessica Blakely
Deputy Director
Salem Housing Authority
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503.373.3808

Reference: OHCS Affordable Rental Housing Preservation & Stabilization Program Manual, Draft v1.2 (September 1, 2026), including Preservation Overview, Funding Source Considerations and Constraints, Funding Terms and Conditions, and Stabilization sections.

OHCS Affordable Rental Housing Preservation Program Manual

Public Comment
From: Dream Development
Affordable Housing Developer in Oregon

Thank you for the opportunity to provide public comment on the proposed Preservation Manual. Our comments focus specifically on the Physical Condition Issues criteria and the role tenant vulnerability plays in determining a property's preservation priority.

Dream Development supports OHCS's effort to prioritize limited preservation resources and appreciates the inclusion of tenant vulnerability in the prioritization process. We do, however, encourage OHCS to reconsider how tenant vulnerability is incorporated into the Physical Condition Issues category.

Under the proposed criteria, a property's physical condition rating depends not only on the number of major building systems that are at risk, but also on the percentage of current tenants meeting the definition of vulnerable. As a result, a property with numerous critical building systems and significant immediate rehabilitation needs could receive a lower preservation priority solely because its current tenant population does not meet the required vulnerability percentage.

We believe physical risk to the affordable housing asset and vulnerability of the current tenant population are related, but distinct, considerations. A property with multiple failing major systems may represent a critical preservation need regardless of the demographic or income composition of the households occupying the property at the time of application. Failure to address those systems may ultimately result in deterioration, loss of habitability, financial instability, displacement, or loss of the affordable housing resource altogether.

Current tenant composition is also a point-in-time measurement, while preservation investments protect affordability for decades. Properties serving households at or below 60% AMI may have existing tenants whose current incomes place them outside the vulnerability definition, but those households do not eliminate the long-term public benefit associated with preserving the property's affordability.

We recommend that OHCS establish the Physical Condition Issues rating primarily based on the documented condition and urgency of the major building systems, with tenant vulnerability used as an additional prioritization factor or tie-breaker rather than as a threshold necessary to achieve a Critical or High physical condition rating.

Alternatively, OHCS could establish an exception allowing a project to receive a Critical physical condition rating when documented conditions demonstrate that failure to fund the rehabilitation creates a substantial risk of loss of the affordable housing asset, significant displacement, or inability to continue safe and sustainable operations.

This approach would continue to appropriately prioritize vulnerable households while ensuring that the Preservation Program can intervene before a severely distressed affordable housing property reaches a point at which preservation is no longer financially or physically feasible.

Potential Revised Wording

Critical Priority: At least four major building systems are identified as having critical life/safety or immediate/two-year needs OR the documented physical condition of the property demonstrates an imminent or substantial risk to the continued viability of the affordable housing asset.

Tenant vulnerability shall be considered in prioritizing projects within the Physical Condition Issues category but shall not preclude a project from receiving a Critical rating. When documented physical conditions demonstrate a substantial risk of loss, displacement, or an inability to maintain safe and sustainable operations, the physical condition of the property should stand on its own as a basis for prioritization, independent of tenant vulnerability percentages.

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From:	Jonathan Trutt
To:	HCS_DL_HCS_Rules_Team * HCS; GRAMP Heather * HCS; DAVIS Jaci * HCS
Cc:	Christina Dirks
Subject:	Preservation Manual Comments
Date:	Wednesday, September 30, 2026 4:31:31 PM
Attachments:	image001.png

Some people who received this message don't often get email from jonathan.trutt@homeforward.org. Learn why this is important

Thank you for the opportunity to comment on Preservation Manual. Home Forward's comments are as follows:

Page 9: Substantial Rehabilitation Definition

- This definition incorporates the "applicable high-cost factor established by the HUD Commissioner" by reference. OHCS should clarify if it is referring to the high-cost factor used by FHA, as elaborated here.

  Regardless of exactly how it defines the term, OHCS should provide an example so that applicants can better understand whether their proposed project meets the minimum rehab / unit requirement.

- Unless OHCS is constitutionally or statutorily required to limit Q-bonds to substantial rehabilitations, it should not impose this restriction. Imposing a stricter definition than is necessary will limit the department's flexibility and effectiveness. For example, "light touch" rehabs now can prevent the need for substantial rehabs 5 – 7 years from now.

Page 12: PBRA category

This rating system continues to disadvantage current and former public housing properties which have experienced decades of federal disinvestment and either (a) are subject to rent assistance contracts that do not expire (public housing) or (b) converted to 20-year RAD contracts, in response to a strong push to exit public housing from HUD, and now need significant capital repairs.

The 9% LIHTC tie-breaker language on page 26 does not adequately correct for this disadvantage vis-à-vis projects with rent assistance contracts from HUD's Multifamily Division. The PBRA category on page 12 should be expanded to make current public housing and RAD conversions eligible for the critical priority designation.

Jonathan Trutt (He | Him) (Learn More)
Director of Development
971-804-2971

homeforward

From: GRAMP Heather * HCS
To: Shelly Cullin
Cc: Jake Chrisman; Joseph Parkman; DAVIS Jaci * HCS
Subject: RE: Preservation Manual question and comments
Date: Wednesday, October 7, 2026 9:55:39 AM

Hi Shelly –

Apologies for not responding to this sooner, but I had had it flagged as an official public comment in my email and our rules team was responding to those. But I see now that we were just emailing me directly.

I'm in discussion with senior management about relaxing the substantial rehab definition or requirement. We are looking at a different way to convey that XI-Q is not for light touch rehab; the main requirement is around a financial transaction at the level of acquisition, use of tax credits, or refinance. (And first lien position). That may not necessarily involve a threshold for rehab. FYI I had already taken out the high-cost factor in the final draft of the manual that I sent forward for review/approval; we were looking at a floor not a ceiling and it unnecessarily overcomplicates things.

The final draft of the manual was updated to expand the major system around foundation and basement to include other structural needs including balconies and stairwells.

Thank you for the comment around 4 years – we have stayed with 3 years in the final draft.

Heather Gramp | Preservation Strategy Lead
OHCS | Affordable Rental Housing Division
P: 503-881-1729

From: Shelly Cullin <shelly.cullin@cdinc.io>
Sent: Thursday, September 17, 2026 10:25 AM
To: GRAMP Heather * HCS <heather.gramp@hcs.oregon.gov>
Cc: Jake Chrisman <jake.chrisman@cdinc.io>; Joseph Parkman <joseph.parkman@cdinc.io>
Subject: Preservation Manual question and comments

Heather, on page 9 of the Manual (PDF pg 10), there is the definition of substantial rehab that is required with the Article XI-Q Bonds.

Projects using Article XI-Q bonds for rehabilitation also need to meet the definition of substantial rehabilitation, below; the source cannot be used on light touch rehabilitation or repairs.
Substantial rehabilitation occurs when the scope of work to improve an existing project exceeds in aggregate cost a sum equal to the base per dwelling unit limit times the applicable high-cost factor established by the HUD Commissioner, or when the scope of work

involves the replacement of two or more building systems and the cost of such replacement exceeds 50% of the cost of replacing the entire building(s). The base per dwelling unit limit is $19,948 for 2025 and will be adjusted annually based on the percentage change in the consumer price index.

Question:
1) We looked up the HUD high cost multiplier memo dated 05-20-2026 (see attached), which indicates that the 2026 base per dwelling amount is $20,406 and then Table 1 indicates the applicable high-cost factor, however, they only have a factor for Portland and Medford. Should we assume that there is no high-cost adjustment factor for rural areas, specifically Union County? (Note: we are looking to submit 3 very small, 11 units each, projects in a portfolio for 9% LIHTCs as their affordability restrictions are expiring).

Comments:
1) After thinking about the at-risk priorities, I have a thought. With OHCS doing Preservation only in 2027, and then new construction only in 2028, the next opportunity for Preservation applications would be 2029, so we are skipping a year. Would you consider modifying the PBRA Critical Priority to less than 4 years and the High Priority to 4-6 years?

2) Just to reiterate what we discussed in the RAC meeting, an additional major system due to health and safety should be exterior stairs, walkways, decks/balconies.

Thanks
Shellu

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Shelly Cullin
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