

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

Rhonda L. Nelson, Designee
Oregon Department of Administrative Services

Theresa K. Deibele, Public Member



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

July 12, 2023

TO: Members of the Private Activity Bond Committee

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

SUBJECT: Meeting on Wednesday, July 19, 2023

The Private Activity Bond Committee will meet on Wednesday, July 19, 2023, to discuss the 2023 Volume Cap Allocation requests and other agenda topics.

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

An e-copy of the meeting packet is provided on the [PAB webpage](#). Due to remote working locations of staff, a hard copy is not distributed; please print if hard copy is preferred.

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

TAB 1 –

PUBLIC MEETING NOTICE & AGENDA

JULY 19, 2023

TAB 2 – PAB STATUS

2022 CARRYFORWARD SUMMARY UPDATE

2023 VOLUME CAP STATUS AND UPDATE

2023 VOLUME CAP ALLOCATIONS

Private Activity Bond Carryforward Allocation History

7/19/2023

TRACKING

ALLOCATION YEAR	ALLOCATED TO/USED BY:	AMOUNT ALLOCATED	USED	Date Closed or Issued	Issuer Remaining / Expiring	PURPOSE	IRS 8328 File Date
2022	Oregon Housing and Community Services	\$157,849,180.06				Affordable Housing	1/25/2019
	Housing Development Note (Park Ave), 2023 Series A		\$ 11,310,000.00	3/15/2023			
	Housing Development Note (Colonia Paz II), 2023 Series D		\$1,000,000.00	3/16/2023			
	Housing Development Note (Glisan Family), 2023 Series F		\$28,000,000.00	4/28/2023			
	Housing Development Note (Plambeck Gardens), 2023 Series E-1, E-2		\$34,915,000.00	5/4/2023			
	Housing Development Bond (Susan Emmons), 2023 Series G		\$3,000,000.00	5/24/2023			
	Housing Development Note (74th & Glisan PSH), 2023 Series H		\$10,355,000.00	5/31/2023			
	Housing Development Bond (Eagle Cap), 2023 Series J		\$8,550,000.00	6/8/2023			
expires: 12/30/2021	Housing Development Note (Francis + Clare), 2023 Series M		\$13,110,000.00	6/22/2023			
	Housing Development Bond (Albina One), 2023 Series L		\$31,886,000.00	6/23/2023			
	Housing Development Bond (Mill City Apartments), 2023 Series K		\$11,700,000.00	6/28/2023			
	Housing Development Bond (Spencer Court), 2023 Series N-1,N-2,N-3		\$4,023,180.00	7/6/2023			
	Subtotal - OHCS		\$157,849,180.00				
			*Verified figures with OHCS on 6/28/23				
	Total	\$157,849,180.06	\$157,849,180.00		\$0.06		

**Private Activity Bond Committee
2023 Current Allocations
As of 7/19/23**

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

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

Local Government				
Home Forward - Grace Peck Terrace			\$ 23,440,000.00	1/18/2023
Home Forward - Grace Peck Terrace			\$ 2,340,000.00	4/19/2023
Local Government Subtotals		\$ -	\$ 25,780,000.00	

Oregon PAB Volume Cap Totals⁴	\$ 509,538,600.00	\$ -	\$ 25,780,000.00
---	--------------------------	-------------	-------------------------

2022 Committee PAB Current Allocation Summary	
Committee Available Allocation Cap:	\$218,538,600.00
Current Approved: -	-\$25,780,000.00
Current Requests: -	\$0.00
Expired/Returned to Committee ⁵ : +	\$0.00
Potential Remaining Allocation:	\$192,758,600.00

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

² PAB Legislative Allocation for 2022 + Additional Allocation Based on Census Data & IRS Cap per Capita

³ The Committee agrees to allocate its annual current volume cap in equal amounts throughout the year with any unallocated quarterly portions added to the next quarter.

$$\text{U.S. Census-Oregon} \times \text{IRS Cap per Capita} = \text{OR Total Volume Cap}$$

⁴ Calculated by multiplying U.S. Census FY21 Population by 2022 IRS Cap per Capita: 4,246,155 120 \$509,538,600

⁵ Balance of expired/returned 2022 Committee Current Allocations

2023
STATE OF OREGON
PRIVATE ACTIVITY BOND (PAB) VOLUME CAP
\$509,538,600
As of 7/19/23

	Legislatively Allocated	Amount Requested To Date	Amount Approved To Date	Allocation			Date Allocated	Date Used	Date Expires/ Returned
				Used To Date	Remaining	Returned To Committee			
PAB Committee - Allocation x SB 5505 (2021-23 Legislature)	\$151,862,385								
Additional Allocation based on 07-01-2021 U.S. Census Data	\$66,676,215								
TOTAL PAB Committee Allocation for 2023:	\$218,538,600								
Home Forward Grace Peck Terrace			\$ 23,440,000.00	\$ 23,440,000.00	\$ -	\$ -	1/18/23	04/26/23	12/15/23
Home Forward Grace Peck Terrace			\$ 2,340,000.00	\$ 2,340,000.00	\$ -	\$ -	4/19/23	04/26/23	12/15/23
TOTALS		\$ -	\$ 25,780,000.00	\$ 25,780,000.00	\$ -	\$ -			

TOTAL PAB Committee Allocation for 2023: \$218,538,600.00
Allocation Approved to Date: **(\$25,780,000.00)**
Allocation Returned to Committee: \$0.00
Total Remaining Available to Allocate: \$192,758,600.00

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

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

Oregon Business Development Commission - <i>Industrial Development B</i>	\$40,000,000.00			\$0.00					12/15/23
					\$40,000,000.00				
Oregon Housing & Community Services Department	\$250,000,000.00								
Housing Development Bond (Alder 9), 2023 Series B				\$43,292,053.00			1/19/23		
Housing Development Note (Champion Park), 2023 Series C				\$16,284,017.00			2/1/23		
Housing Development Bond (Spencer Court), 2023 Series N-1,N-2,N-3				\$7,826,820.00			7/6/23		
					\$182,597,110.00				12/15/23
Oregon Business Development Department									
Beginning & Expanding Farmer Loan Program	\$1,000,000.00			\$0.00					12/15/23
					\$1,000,000.00				
Total amount Allocated for 2023 to State Agencies:	\$291,000,000.00			\$67,402,890.00	\$223,597,110.00				

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

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

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

TAB 3–

2023 VOLUME CAP NOTICE OF INTENT

Housing Authority of Washington County

Portfolio Rehab Project

Phase 2 Update

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

Project Presentation



July 11, 2023

VIA ELECTRONIC TRANSMISSION

Jacqueline Knights, Chair
Private Activity Bond Committee
867 Hawthorne Ave SE
Salem, OR 97301

RE: Housing Authority of Washington County (HAWC) Private Activity Bond (PAB) Requests

Dear Ms. Knights:

We thank your Private Activity Bond Committee for its ongoing support of affordable housing development and for considering our information update from what was given at the April 19, 2023, PAB committee regarding Phase 2 of the portfolio rehab for HAWC.

During the April presentation, we shared that HAWC planned to bring a PAB request to the July 2023 meeting. Due to the timing of the project schedule, including permitting and other planned predevelopment work, the project team now plans to make a request at the October 2023 PAB meeting to ensure the project can close within the allocated PAB window. The intent of this informational presentation is to quickly update the committee on key project refinements.

This project now plans to preserve and recapitalize 260 existing units at five properties within the affordable housing portfolio owned by HAWC. Vanrich, a smaller 17-unit property in Forest Grove was removed from the project due to the age of the building systems and rehab scope being cost prohibitive, with the property being more conducive to full redevelopment of the site. New additional work scope in the project includes replacing the supply and waste lines at three properties, full siding replacement at select properties, replacing all unit doors, and additional electrical upgrades at all properties. This work positions the properties for long term sustainability and use as assets in the community.

Due to these and other additions to the project scope, the total project cost is expected to be \$132,400,000 and will be supported by an expected PAB request of \$63,000,000, which is requested at 53% of eligible basis. We still plan to close on the project in November 2023, begin construction at the beginning of 2024 and complete the project by the end of 2025.

We look forward to the opportunity to share more detail about updates to the HAWC AHP Phase 2.

Sincerely,

Andrew Crampton

Andrew Crampton
Development Manager

Housing Authority of Washington County



HAWC Portfolio Rehabilitation Project Phase 2 Update

Andrew Crampton - Housing Development Manager

July 19, 2023
Private Activity Bond Committee



Housing Authority

co.washington.or.us



Agenda / Topics



Project Overview



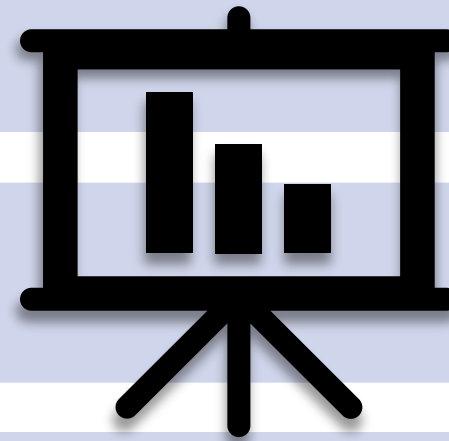
Updated Project Financing



Timeline



Requested Action & Questions





Updated Project Information

- Rehabilitation of Five Properties in Portfolio – 260 units
- Removal of 17-unit Vanrich property from Scope
 - Rehab is cost prohibitive and causes timing issues.
- Total Project Cost: \$132,400,000 with \$10,395,000 bond defeasance
- Anticipated October 2023 PAB Request: \$63,000,000
- Additional Scope Includes supply and waste line replacement and radon mitigation at three properties, replacing unit doors, additional electrical upgrades, and common-area upgrades.



AHP Phase 2 Project Overview

Holly Tree	Beaverton	140 units
Tarkington Square	Hillsboro	48 units
Cornelius Village	Cornelius	14 units
Amberwood Apartments	Hillsboro	40 units
Marilann Terrace	Aloha (unincorporated Wa. Co.)	18 units





Scope of Project Work

Scope of work includes: immediate needs, life/safety concerns, ADA compliance, energy efficiency upgrades, water intrusion mitigation, and major systems replacement.

This work positions the properties for long-term sustainability and use as assets in the community.





Select Sites- Holly Tree Overview

Scope of work includes: kitchen cabinets replacement as needed, removing and replacing existing unit windows, repairing and replacing existing site asphalt at damaged areas, and full siding replacement.





Tarkington Square Overview

Scope of work includes: installing new windows, full siding replacement, countertop replacements, modernization of existing elevator, lateral waste line replacement, plumbing and electrical upgrades.





Updated Project Financing

Summary Sources and Uses of Funds		
LIHTC Equity	\$44,810,000	\$172,346
Permament Loan	\$28,000,000	\$107,692
Seller Financing	\$50,550,000	\$194,423
Cash Flow during Stabilization	\$3,290,000	\$12,654
Deferred Developer Fees	\$5,750,000	\$22,115
Total Sources	\$132,400,000	\$509,231
Acquisition Cost	\$61,940,000	\$238,231
Construction Cost	\$42,280,000	\$162,615
Soft Cost	\$4,820,000	\$18,538
Developer Fees	\$7,980,000	\$30,692
Financing Cost	\$11,830,000	\$45,500
Reserves	\$3,550,000	\$13,654
Total Uses	\$132,400,000	\$509,231



Timeline

- HAWC AHP Phase 2 selects development and construction team
- HAWC Completed Owners Program
- HAWC solicits investor and lender proposals

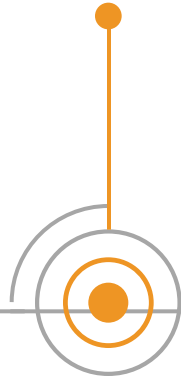
Rehabilitation work begins early 2024 and complete by end of the year 2025.

2022

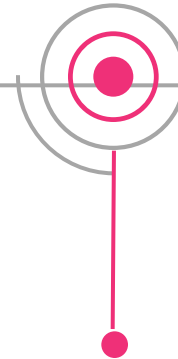


HAWC Board of Directors authorizes formation of LIHTC partnership for HAWC AHP Phase 2, to begin work to finance the project

Q 1 & 2
2023



Q 3 & 4 2023



- *HAWC secures allocation of Private Activity Bonds in October 2023.*
- *HAWC AHP4 Project will close November 2023*
- *Washington County will defease allocable bonds related to HAWC AHP Phase 2 properties*

2025





Next Steps

- HAWC will request approximately \$63,000,000 in PAB Allocation at October 2023 PAB Committee Meeting
- HAWC has completed owner's program with project scope
- HAWC has submitted jurisdiction building and site permits
- HAWC is moving forward with soliciting lender and investor proposals for project funding

TAB 4 -

2023 VOLUME PAB UTILIZATION

Oregon Housing and Community Services Department

PAB Use for Affordable Rental Housing

Update

Oregon Housing & Community Services

Private Activity Bond Committee

July 19, 2023

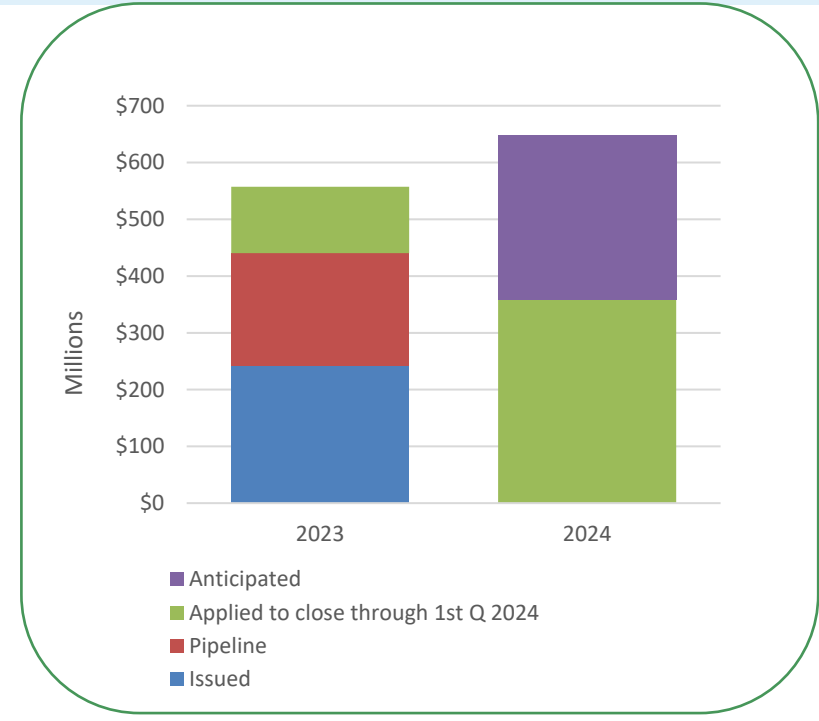
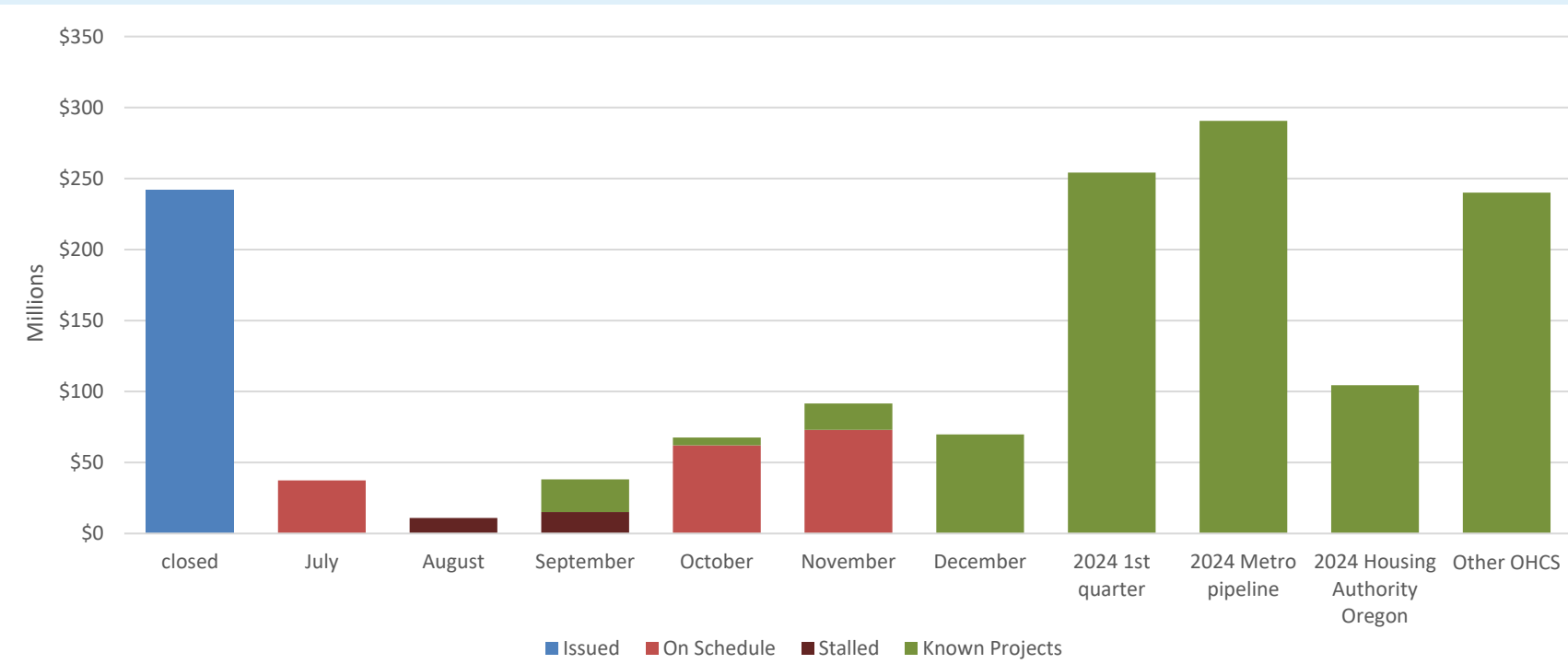


2023 PAB use for Affordable Rental Housing

- Continuing to move forward with transactions – one project now closed under the new LIFT guidelines
- Cost volatility challenges continue
- Oversubscription of PAB within our 4%/PAB NOFA:
 - As anticipated, levels of solicitation for PAB far exceed available resources, consistent with levels seen with the Preservation and LIFT NOFAs.
- Conversations continue in efforts to align local funders, PAB issuers, and OHCS
- Significant level of resource investment moving forward as part of the Governors Executive Order 23-04 on production
 - Engagement over coming months regarding financing tools, funding frameworks, and application processes



Rental Housing 4% LIHTC Use & Demand



- PAB/4% LIHTC closings (blue)
- Existing pipeline projects (red)
- Known projects with estimated demand for resources (green)



OHCS Next Steps on 2023 PAB Commitments

- In total there are 9 projects in the current OHCS pipeline
 - 7 of them are meeting readiness benchmarks.
 - 2 of them are not meeting for one reason or another; giving the opportunity to remedy and expect that a couple may not be successful and will need to return funding.
- Intake application process opened on 6/14/2023.
 - HAO has turned over their list of anticipated 2024 and beyond projects
 - METRO has turned over their anticipated 2024 and beyond projects
- In October OHCS will update Private Activity Bond Committee on the performance and next steps for the Affordable Rental Housing PAB pipeline

Thank You

