



Staff Report

File #: 18-119

Version: 1

Date: 3/26/2018

Item #:

TO: Chair and Housing Authority Commissioners

THROUGH: Steve Powers, Executive Director

FROM: Andrew Wilch, Housing Administrator

SUBJECT:

Low Income Housing Tax Credits for the Rental Assistance Demonstration Project

Ward(s): All Wards

Commissioners(s): All Commissioners

Neighborhood(s): All Neighborhoods

ISSUE:

Shall the Housing Authority Board adopt Resolution No. 2225 authorizing the Executive Director to apply for and accept 9% Low Income Housing Tax Credits (LIHTC) application to Oregon Housing and Community Services (OHCS), for the Public Housing Rental Assistance Demonstration (RAD) rehabilitation project, and to solicit interested investors for the project?

RECOMMENDATION:

Adopt Resolution No. 2225 authorizing the Executive Director to apply for and accept 9% Low Income Housing Tax Credit (LIHTC) application to Oregon Housing and Community Services (OHCS) for the Public Housing Rental Assistance Demonstration (RAD) rehabilitation project, and to solicit interested investors.

SUMMARY AND BACKGROUND:

Affordable housing in Salem has been a desired goal for the past several years. The Salem Housing Authority (SHA) is working on many new affordable housing projects including the RAD project.

The RAD project will convert 130 multifamily apartment units throughout five multi-family apartment complexes, and six scattered site properties from Public Housing to Section 8 Project Based funding; which at completion will total 138 units.

Low Income Housing Tax Credits are the primary funding source for renovating the RAD properties. For the development of the RAD conversion project to proceed, the SHA needs to submit to Oregon Housing and Community Services the LIHTC application.

FACTS AND FINDINGS:

The LIHTC is a federal program administered by state governments, and the largest affordable housing program in the country. Investors buy tax credits and pay into a low income housing project fund for the purpose to undertake renovation and/or new construction.

Initial funding sources included 4% LIHTC, as pro-forma has developed for the RAD project, the staff believes there is a need to apply for the 9% LIHTC in addition to the 4% LIHTC previously authorized approved on May 8th, 2017 (Resolution 2210), in order to fully fund the project. The 9% credits will apply to the conversion of 158 multifamily apartment units and six separate properties from Public Housing to Section 8 project based funding.

If SHA is successful in receiving an allocation of LIHTC, SHA will sell the SHA property to a 30-year partnership with the SHA owning .01% and the private investor owning 99.99%. SHA will complete construction and assume the role of day-to-day manager. After year 15, the investor may withdraw from the partnership and SHA can purchase the property at terms set in the initial partnership agreement.

Andrew Wilch
Housing Administrator

Attachments:

1. Resolution No. 2225