



Staff Report

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Date: 12/10/2018

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TO: Chair and Housing Authority Commissioners

THROUGH: Steve Powers, Executive Director

FROM: Andrew Wilch, 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 Commission adopt Resolution No. 2237 authorizing the Executive Director to apply for and accept 4% Low Income Housing Tax Credits (LIHTC) and Oregon Housing Preservation funds for the Public Housing Rental Assistance Demonstration (RAD) rehabilitation project, and to solicit interested investors for the project?

RECOMMENDATION:

Adopt Resolution No. 2237 authorizing the Executive Director to apply for and accept 4% LIHTC and Oregon Housing Preservation Funds for the Public Housing RAD rehabilitation project, and to solicit interested investors for the project.

SUMMARY AND BACKGROUND:

Affordable housing is a community need. The Salem Housing Authority (SHA) is working on several new affordable housing projects including the RAD project.

The RAD project will convert 130 multifamily apartment units at five multi-family apartment complexes and six scattered site properties from federal Public Housing to federal Section 8 Project Based funding. The change in funding will allow renovations to the units and increase the number of units to 138 units.

The RAD project is being completed in two phases. The first phase received Commission approval and funding through competitive 9% tax credits. The second phase includes 54 units. The second phase will be funded through non-competitive 4% tax credits and Oregon Lottery backed bonds from

the Oregon Housing Preservation Fund. Bundling the first and second phases with different funding sources allows the entire RAD project to happen at the same time.

On November 26, 2018, the Commission adopted Resolution 2226 authorizing the tax credit application for the housing units. The resolution omitted an application for bond funding from the Oregon Housing Preservation Fund for the 54 units. Also, the 4% LITC application needs to be separate from the previous LITC application. Resolution 2237 corrects the errors and rescinds Resolution 2236.

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 new construction.

If SHA is successful in receiving an allocation of LIHTC, SHA will sell the SHA property to a 30-year partnership. The SHA will own .01% and the private investor will own 99.99%. SHA will complete construction and provide day-to-day management. 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
Administrator

Attachments:

1. Resolution 2237