



January 11, 2010

To: Employees and Partners of Oregon Housing and Community Services

From: David Summers,
Multifamily Housing Manager
Housing Division
david.summers@hcs.state.or.us
503-986-2073

RE: Changes for the 2010 CFC

Oregon Housing and Community Services will make some changes to the Consolidated Funding Cycle process for the 2010 round. Implementation of these changes will help identify capable partners and sustainable projects in which to invest department resources.

Please don't hesitate to contact me with any concerns or questions.

The changes for the 2010 CFC include:

- Creation of an external review team
- Requirement of a 30-year architectural standard for preservation rehabilitation projects
- Evaluation of the scope of rehabilitation on Preservation projects
- Clarifying department expectations for Preservation proposals
- Asset and Property Management review of applicant capacity

Creation of an External Review Team

After Initial review of CFC applications and selection of a first tier of fundable proposals by the department's Executive Team, a group of proposals will be forwarded to an external review team. The external review team will conduct on-site reviews of LIHTC projects, preservation projects, and other projects for which the department deems such a review necessary.

The external review team will evaluate the location of the development relative to the population served, the appropriateness of the design for the site and neighborhood, the level and nature of community support including services, and the benefits to the community of the proposed development.

The applicant, community representatives and the Regional Advisor to the Department will meet with the external team to discuss how the project fits within the community and discuss the benefits within the community.

Architectural 30-year standard on preservation rehab projects:

A goal of the department is for all affordable housing projects (new or rehabilitation) to sustain themselves for 30 years without needing significant rehabilitation work. This will require careful design, materials selection and oversight by project architects, contractors and owners to ensure that affordable housing projects, including building envelopes and all structural components, have the necessary sustainability to last for 30 years with industry standard maintenance schedules.

Evaluation of the scope of rehabilitation on Preservation projects

The department will evaluate the scope of rehabilitation on preservation projects to determine if they can achieve the department's architectural standards for long-term viability of a project. An External Team will visit each preservation project site and recommend to the Director projects that are most likely to meet a 30-year viability standard.

Clarifying department expectations for Preservation proposals

The department has previously stated that approximately 50 percent of the CFC resources will be set aside for the preservation of properties with expiring federal rental assistance contracts. A department considers a project eligible for the preservation set aside if, at completion, at least 25 percent of the existing units have project-based Rental Assistance (RA). Preservation projects that do not meet this requirement will be ineligible for the set aside.

In order to meet the preservation standard at completion, the sponsor must provide from the RA issuing agency documentation showing that at least 25 percent of the units will receive RA.

Asset and Property Management review of Sponsor Capacity:

The department's Asset and Property Management section will evaluate sponsor capacity as it relates to meeting compliance and asset management obligations on current developments. APM will review:

- sponsor compliance with program rules and regulations
- status of Analysis of Income and Expense report and other financial reporting requirements
- timeliness of loan payments, charges and fees

APM will identify sponsors who are in compliance and those sponsors who may have material or recurring non-compliance.

For the 2010 CFC, the APM evaluation will be worth five points in the application. Sponsors can submit an [Asset Management Information Request form](#) beginning January 11, 2010, but no later than the final date of site review by the Regional Advisor to the Department. APM will notify a sponsor's RAD when it has made its determination. The sponsor can work through the RAD to

remedy situations identified by APM. The Sponsor responses are due no later than April 23, 2010.

Note: For the 2010 CFC cycle, OHCS will add physical asset management performance to the sponsor capacity criteria. This measure will assess the sponsor's capacity to protect the public investment in affordable housing. OHCS shall evaluate the sponsor's ability to provide routine maintenance to OHCS funded projects and to keep those projects in good repair over their lifetime. The department will take into consideration the ongoing condition, physical deficiencies and maintenance of existing assets. Owners and sponsors that have deficient existing projects may be required to bring the existing project back to safe, sanitary, and livable condition before applying in a CFC round.

[2010 CFC Notice and Training Schedule](#)