



Member Organizations

1000 Friends
AFSCME Local 3267
CASA of Oregon
Central City Concern
City of Ashland
City of Beaverton
City of Corvallis
City of Eugene
City of Gresham
City of Portland
City of Tigard
City of Wilsonville
Clackamas Community Land Trust
Clackamas County
Clackamas Housing Action Network
Coalition for a Livable Future
Community Action Partnership of Oregon
Community Action Team, Inc.
Community Alliance of Tenants
Community Housing Fund
Community Partners for Affordable Housing
Ecumenical Ministries of Oregon
Habitat for Humanity of Oregon
Hacienda CDC
Homeless Families Coalition
Housing Advocacy Group of Washington Co.
Housing Development Center
Impact Northwest
Interfaith Committee on Homelessness
Jackson County Housing Coalition
Lane County Legal Aid and Advocacy Center
League of Women Voters of Oregon
Lincoln County
Manufactured Home Owners of Oregon, Inc.
Metro
Multnomah County
NAYA Family Center
NeahCasa
Neighborhood Economic Development Corp.
Neighborhood Partnerships
Network for Oregon Affordable Housing
Northwest Community Land Trust Coalition
Northwest Housing Alternatives
Oregon Action
Oregon Council on Developmental Disabilities
Oregon Coalition on Housing & Homelessness
Oregon Food Bank
Oregon Housing Authorities
Oregon Opportunity Network
Partners for a Hunger-Free Oregon
Portland Community Reinvestment Initiatives, Inc.
Portland State Univ., Student Legal & Mediation Services
Proud Ground
REACH CDC
Rogue Valley CDC
St. Vincent DePaul of Lane County
Shelter Care
Sisters Of The Road
Street Roots
Umpqua CDC
Washington County
Willamette Neighborhood Housing Services

Contact us:

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(503) 363-7084

www.oregonhousingalliance.org

Testimony of Janet Byrd Oregon Affordable Housing Tax Credit (OAHTC) Sunset Extension SB 823, SB 900 and HB 2527

Joint Committee on Tax Credits, May 19, 2011

Testimony of Janet Byrd, Chair of the Housing Alliance and Executive Director of Neighborhood Partnerships.

The Housing Alliance is a coalition of organizations from across the state that have come together out of a concern for those in our communities that do not have a safe, stable, and affordable place to call home, or access to a community that provides a range of opportunities and services. We know that we all benefit when our neighbors have full access to opportunity.

A range of approaches and options that bring a variety of partners together to build and maintain affordable housing provides the foundation for stronger communities. One of the most important tools we have available is the Oregon Affordable Housing Tax Credit (OAHTC).

SB 823, SB 900 and HB 2527 are identical -- they all extend the sunset on the Oregon Affordable Housing Tax Credit (OAHTC) from 2014 to 2020. We are not requesting an increase in the annual cap on the credit at this time.

The OAHTC is a state income tax credit used to lower rents in affordable housing projects across the state. Lenders reduce interest rates on permanent mortgage loans provided to sponsors of affordable housing by 4% to claim the tax credit. In return, sponsors either reduce rents charged to low income tenants or increase their ability to leverage private resources. Lower income tenants reap the benefits of these investments through the OAHTC for twenty years.

Nearly all of the households that benefit from this program earn less than half of the Area Median Income (AMI) and in many cases, below 30% of AMI. For a family of four in Salem, half of AMI means they earn less than \$28,850 yearly. Affordable rent means this money stretches further to cover household essentials.

We know that across Oregon, renters are faced with the hard choice of paying for rent or for other necessities. I have provided with my testimony some fact sheets for selected counties that illustrate the challenges renters face -- incomes for many types of employment just don't support the costs of market rate housing in most Oregon counties. And, while there may be housing available because of foreclosure, it may not be a good option -- it might be unavailable for rent, it may not be affordable, and it may be poorly located for transportation reasons.

In 2007, the Housing Alliance supported legislation that expanded the use of the OAHTC. The OAHTC became even more flexible and high impact as a result of these changes, and now works to address two critical needs in addition to multi-family rental housing: the need to preserve existing affordable housing with federal rent subsidy contracts in place; and the need to support options that provide security for manufactured home park residents. In the case of "preservation" projects, where tenants benefit from federal rent subsidy contracts, or resident purchases of manufactured home parks, the tax credit works to increase the amount of the permanent mortgage loan.

The OAHTC works. It produces significant public benefits for communities by encouraging the development and preservation of safe, decent affordable housing. Without the leverage of the OAHTC, our resources would not go as far, and much of this housing would simply not be built. Our communities are better and stronger when people have a safe, stable and affordable place to call home.

The OAHTC supports housing development and acquisitions that may take years to move from an idea to construction and development. Action on SB 823, SB 900 and HB 2527 to extend the sunset will ensure that this tool continues to work to strengthen communities and residents in all of Oregon's communities. We thank you for your consideration and urge your support.



How can we protect people affected by the economic downturn in Baker County?

We know housing gives people an opportunity to build better lives. Our communities are better and stronger when everyone has a safe and affordable place to call home. In Baker County, the recession has left our neighbors at risk of foreclosure and homelessness.

Quick Facts

Nearly half of renters in Oregon are unable to afford a two-bedroom apartment at fair market rents.

In the 2009–2010 school year, at least one child in almost every classroom in Oregon experienced homelessness.

A worker earning minimum wage in Oregon had to work more than ten hours a day, seven days a week just to afford a two bedroom apartment in Oregon.

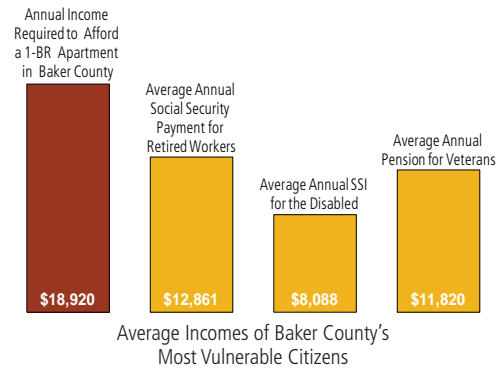
Too many Oregonians continue to struggle with unemployment. For all of the last twenty-three months (since February 2009) more than one in ten Oregonians have been unemployed.

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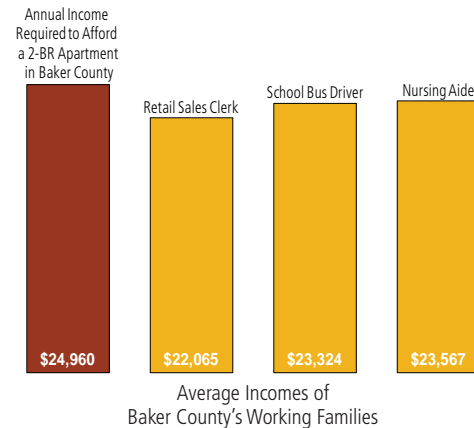
HOMELESSNESS

In Baker County, people on fixed incomes—seniors and people with disabilities—can't afford a one bedroom apartment at market rate. In Baker County, an average of one student in every classroom was homeless during the 2009–2010 school year.



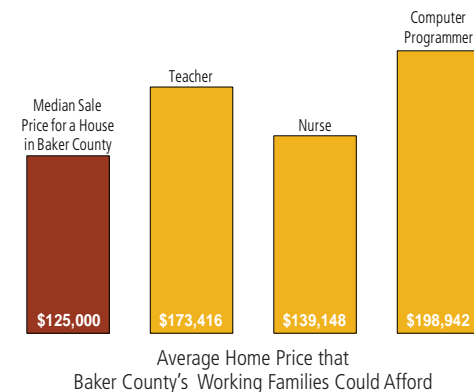
STRUGGLING TO RENT

Baker County's hard-working families should not have to choose between rent, groceries and medicine. In Baker County, one out of every 12 people was unemployed in October 2010.



STRUGGLING TO OWN

Despite the drop in housing prices, unemployment and a wave of foreclosures continue to make owning a home difficult for too many Oregonians. In Baker County, one out of every 41 loans were either in foreclosure or 90+ days delinquent as of January 2010.





How can we protect people affected by the economic downturn in Benton County?

We know housing gives people an opportunity to build better lives. Our communities are better and stronger when everyone has a safe and affordable place to call home. In Benton County, the recession has left our neighbors at risk of foreclosure and homelessness.

Quick Facts

Nearly half of renters in Oregon are unable to afford a two-bedroom apartment at fair market rents.

In the 2009–2010 school year, at least one child in almost every classroom in Oregon experienced homelessness.

A worker earning minimum wage in Oregon had to work more than ten hours a day, seven days a week just to afford a two bedroom apartment in Oregon.

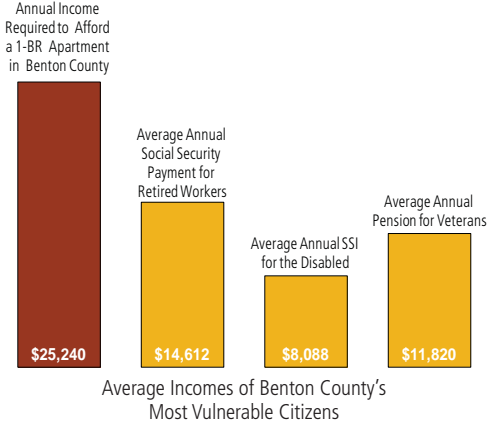
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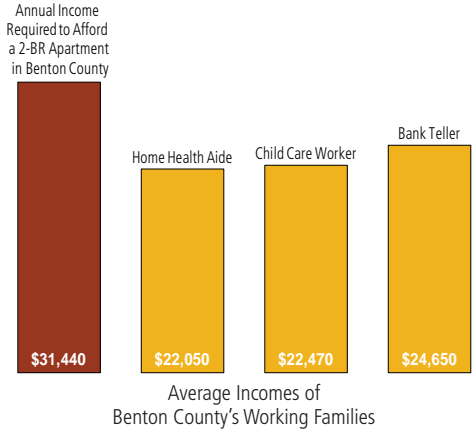
HOMELESSNESS

In Benton County, people on fixed incomes—seniors and people with disabilities—can't afford a one bedroom apartment at market rate. In Benton County, an average of one student in every classroom was homeless during the 2009–2010 school year.



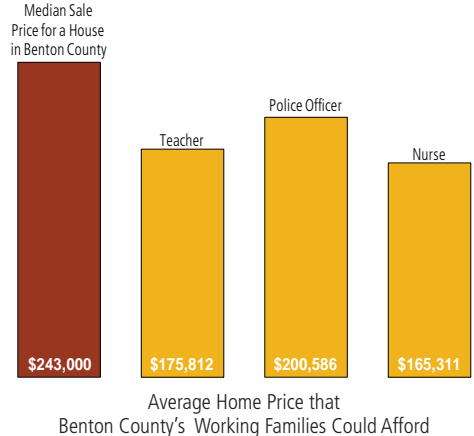
STRUGGLING TO RENT

Benton County's hard-working families should not have to choose between rent, groceries and medicine. In Benton County, one out of every 15 people was unemployed in October 2010.



STRUGGLING TO OWN

Despite the drop in housing prices, homeownership continues to be out of reach for many. Foreclosures and high unemployment also owning a home this out of reach for too many Oregonians. In Benton County, one out of every 55 loans were either in foreclosure or 90+ days delinquent as of January 2010.





How can we protect people affected by the economic downturn in Deschutes County?

We know housing gives people an opportunity to build better lives. Our communities are better and stronger when everyone has a safe and affordable place to call home. In Deschutes County, the recession has left our neighbors at risk of foreclosure and homelessness.

Quick Facts

Nearly half of renters in Oregon are unable to afford a two-bedroom apartment at fair market rents.

In the 2009–2010 school year, at least one child in almost every classroom in Oregon experienced homelessness.

A worker earning minimum wage in Oregon had to work more than ten hours a day, seven days a week just to afford a two bedroom apartment in Oregon.

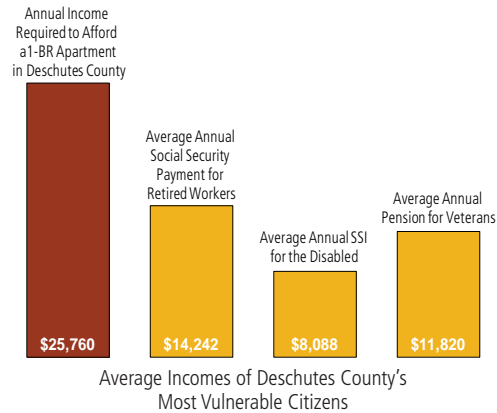
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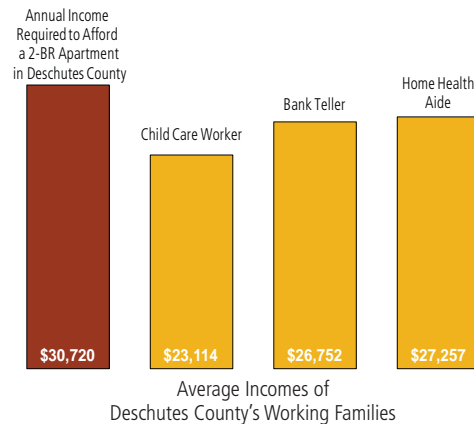
HOMELESSNESS

In Deschutes County, people on fixed incomes—seniors and people with disabilities—can't afford a one bedroom apartment at market rate. In Deschutes County, an average of one student in every classroom was homeless during the 2009–2010 school year.



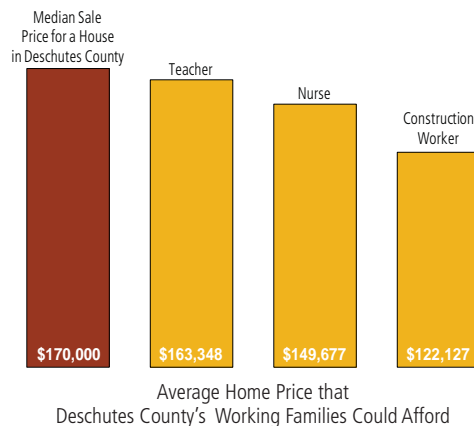
STRUGGLING TO RENT

Deschutes County's hard-working families should not have to choose between rent, groceries and medicine. In Deschutes County, one out of every 7 people was unemployed in October 2010.



STRUGGLING TO OWN

Despite the drop in housing prices, unemployment and a wave of foreclosures continue to make owning a home difficult for too many Oregonians. In Deschutes County, one out of every 11 loans were either in foreclosure or 90+ days delinquent as of January 2010.





How can we protect people affected by the economic downturn in Lane County?

We know housing gives people an opportunity to build better lives. Our communities are better and stronger when everyone has a safe and affordable place to call home. In Lane County, the recession has left our neighbors at risk of foreclosure and homelessness.

Quick Facts

Nearly half of renters in Oregon are unable to afford a two-bedroom apartment at fair market rents.

In the 2009–2010 school year, at least one child in almost every classroom in Oregon experienced homelessness.

A worker earning minimum wage in Oregon had to work more than ten hours a day, seven days a week just to afford a two bedroom apartment in Oregon.

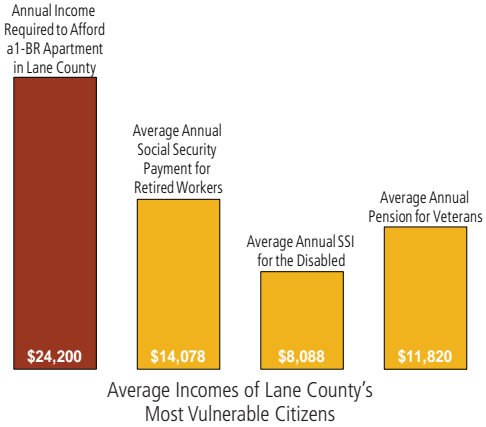
Too many Oregonians continue to struggle with unemployment. For all of the last twenty-three months (since February 2009) more than one in ten Oregonians have been unemployed.

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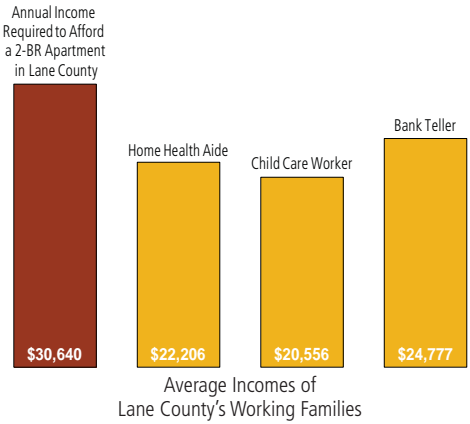
HOMELESSNESS

In Lane County, people on fixed incomes—seniors and people with disabilities—can't afford a one bedroom apartment at market rate. In Lane County, an average of one student in every classroom was homeless during the 2009–2010 school year.



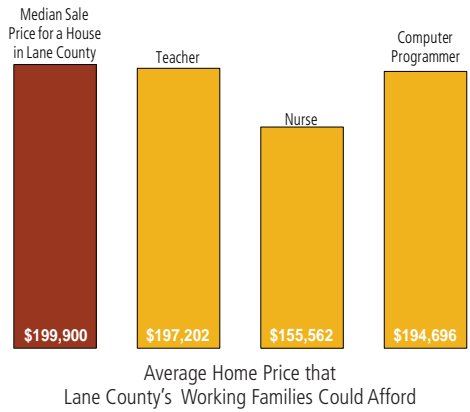
STRUGGLING TO RENT

Lane County's hard-working families should not have to choose between rent, groceries and medicine. In Lane County, one out of every 10 people was unemployed in October 2010.



STRUGGLING TO OWN

Despite the drop in housing prices, unemployment and a wave of foreclosures continue to make owning a home difficult for too many Oregonians. In Lane County, one out of every 26 loans were either in foreclosure or 90+ days delinquent as of January 2010.





How can we protect people affected by the economic downturn in Linn County?

We know housing gives people an opportunity to build better lives. Our communities are better and stronger when everyone has a safe and affordable place to call home. In Linn County, the recession has left our neighbors at risk of foreclosure and homelessness.

Quick Facts

Nearly half of renters in Oregon are unable to afford a two-bedroom apartment at fair market rents.

In the 2009–2010 school year, at least one child in almost every classroom in Oregon experienced homelessness.

A worker earning minimum wage in Oregon had to work more than ten hours a day, seven days a week just to afford a two bedroom apartment in Oregon.

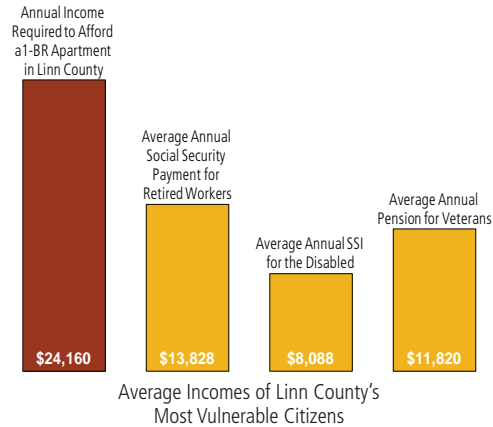
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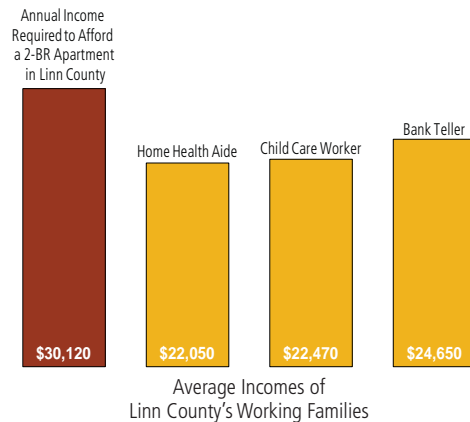
HOMELESSNESS

In Linn County, people on fixed incomes—seniors and people with disabilities—can't afford a one bedroom apartment at market rate. In Linn County, an average of one student in every 2 classrooms was homeless during the 2009–2010 school year.



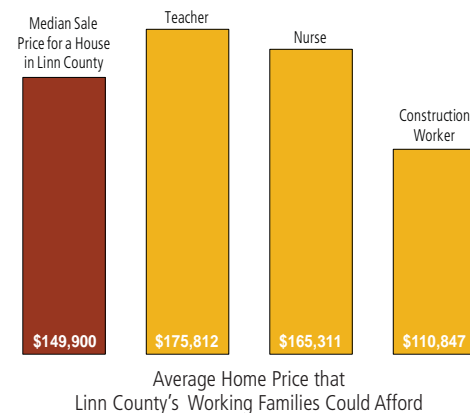
STRUGGLING TO RENT

Linn County's hard-working families should not have to choose between rent, groceries and medicine. In Linn County, one out of every 8 people was unemployed in October 2010.



STRUGGLING TO OWN

Despite the drop in housing prices, unemployment and a wave of foreclosures continue to make owning a home difficult for too many Oregonians. In Linn County, one out of every 21 loans were either in foreclosure or 90+ days delinquent as of January 2010.





How can we protect people affected by the economic downturn in Marion County?

We know housing gives people an opportunity to build better lives. Our communities are better and stronger when everyone has a safe and affordable place to call home. In Marion County, the recession has left our neighbors at risk of foreclosure and homelessness.

Quick Facts

Nearly half of renters in Oregon are unable to afford a two-bedroom apartment at fair market rents.

In the 2009–2010 school year, at least one child in almost every classroom in Oregon experienced homelessness.

A worker earning minimum wage in Oregon had to work more than ten hours a day, seven days a week just to afford a two bedroom apartment in Oregon.

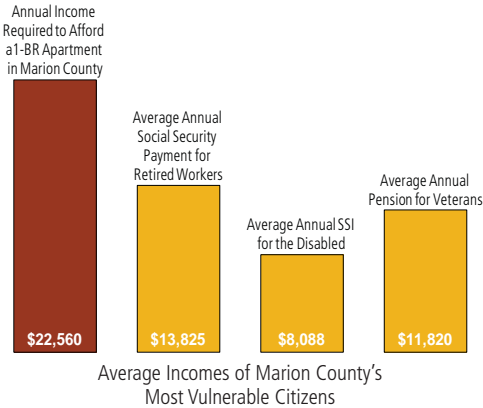
Too many Oregonians continue to struggle with unemployment. For all of the last twenty-three months (since February 2009) more than one in ten Oregonians have been unemployed.

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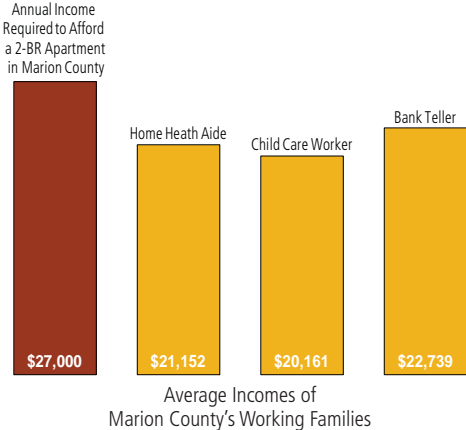
HOMELESSNESS

In Marion County, people on fixed incomes—seniors and people with disabilities—can't afford a one bedroom apartment at market rate. In Marion County, an average of one student in every 2 classrooms was homeless during the 2009–2010 school year.



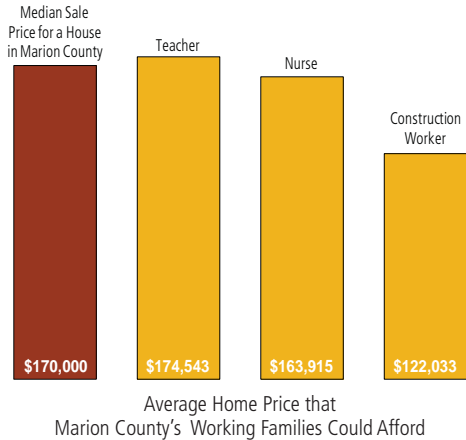
STRUGGLING TO RENT

Marion County's hard-working families should not have to choose between rent, groceries and medicine. In Marion County, one out of every 10 people was unemployed in October 2010.



STRUGGLING TO OWN

Despite the drop in housing prices, unemployment and a wave of foreclosures continue to make owning a home difficult for too many Oregonians. In Marion County, one out of every 19 loans were either in foreclosure or 90+ days delinquent as of January 2010.





How can we protect people affected by the economic downturn in Multnomah County?

We know housing gives people an opportunity to build better lives. Our communities are better and stronger when everyone has a safe and affordable place to call home. In Multnomah County, the recession has left our neighbors at risk of foreclosure and homelessness.

Quick Facts

Nearly half of renters in Oregon are unable to afford a two-bedroom apartment at fair market rents.

In the 2009–2010 school year, at least one child in almost every classroom in Oregon experienced homelessness.

A worker earning minimum wage in Oregon had to work more than ten hours a day, seven days a week just to afford a two bedroom apartment in Oregon.

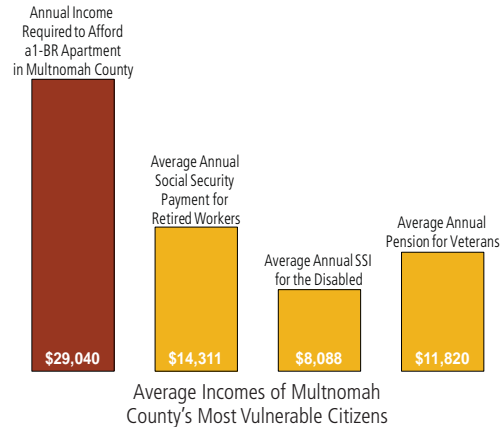
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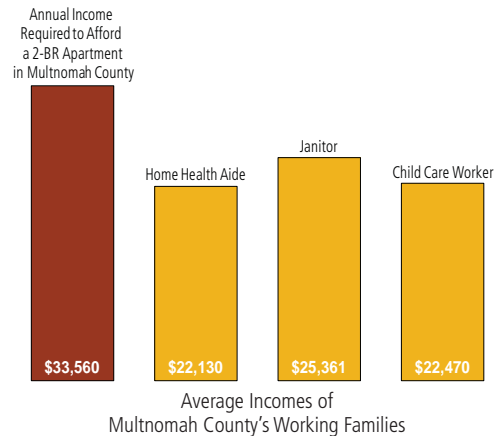
HOMELESSNESS

In Multnomah County, people on fixed incomes—seniors and people with disabilities—can't afford a one bedroom apartment at market rate. In Multnomah County, an average of one student in every classroom was homeless during the 2009–2010 school year.



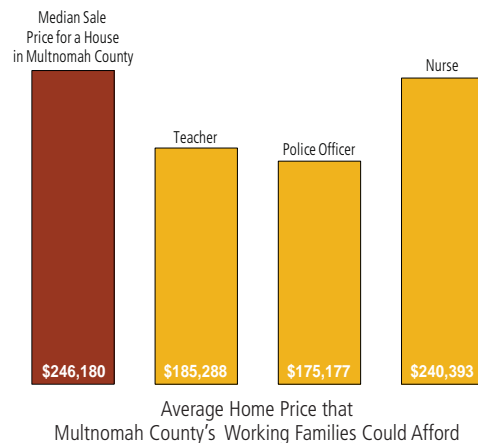
STRUGGLING TO RENT

Multnomah County's hard-working families should not have to choose between rent, groceries and medicine. In Multnomah County, one out of every 11 people was unemployed in October 2010.



STRUGGLING TO OWN

Despite the drop in housing prices, homeownership continues to be out of reach for many. Foreclosures and high unemployment also place owning a home out of reach for too many Oregonians. In Multnomah County, one out of every 21 loans were either in foreclosure or 90+ days delinquent as of January 2010.





How can we protect people affected by the economic downturn in Washington County?

We know housing gives people an opportunity to build better lives. Our communities are better and stronger when everyone has a safe and affordable place to call home. In Washington County, the recession has left our neighbors at risk of foreclosure and homelessness.

Quick Facts

Nearly half of renters in Oregon are unable to afford a two-bedroom apartment at fair market rents.

In the 2009–2010 school year, at least one child in almost every classroom in Oregon experienced homelessness.

A worker earning minimum wage in Oregon had to work more than ten hours a day, seven days a week just to afford a two bedroom apartment in Oregon.

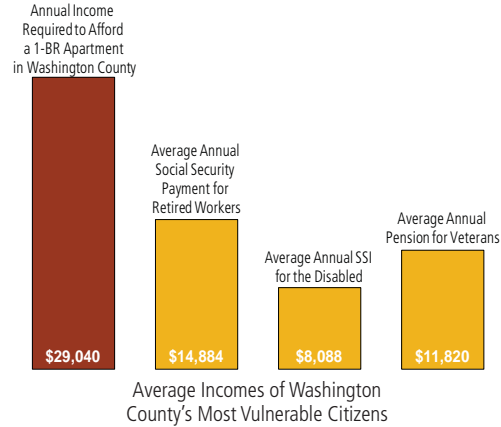
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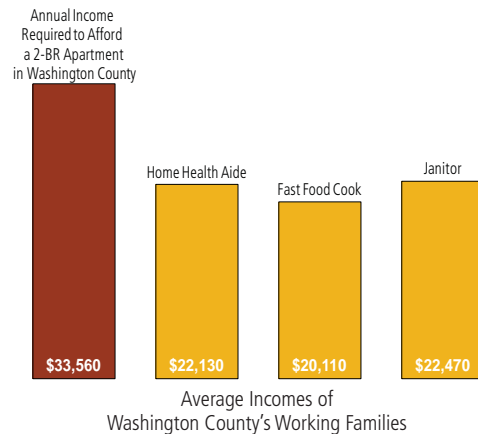
HOMELESSNESS

In Washington County, people on fixed incomes—seniors and people with disabilities—can't afford a one bedroom apartment at market rate. In Washington County, an average of one student in every classroom was homeless during the 2009–2010 school year.



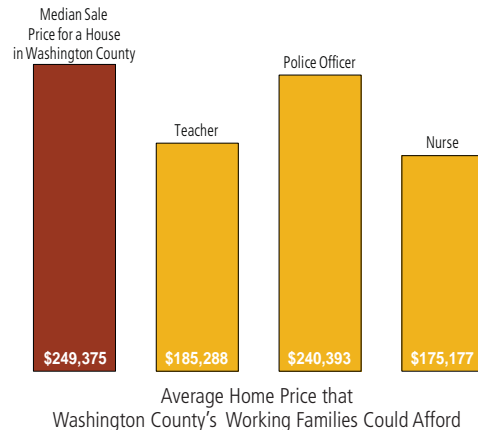
STRUGGLING TO RENT

Washington County's hard-working families should not have to choose between rent, groceries and medicine. In Washington County, one out of every 12 people was unemployed in October 2010.



STRUGGLING TO OWN

Despite the drop in housing prices, homeownership continues to be out of reach for many. Foreclosures and high unemployment also place owning a home out of reach for too many Oregonians. In Washington County, one out of every 23 loans were either in foreclosure or 90+ days delinquent as of January 2010.



Marion County, Oregon
 FY 2010 Area Median Incomes
 Marion County

	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Extremely Low (30%) Income Limits	\$12,150	\$13,850	\$15,600	\$17,300	\$18,700	\$20,100	\$21,500	\$22,850
Very Low (50%) Income Limits	\$20,200	\$23,100	\$26,000	\$28,850	\$31,200	\$33,500	\$35,800	\$38,100
Low (80%) Income Limits	\$32,350	\$36,950	\$41,550	\$46,150	\$49,850	\$53,550	\$57,250	\$60,950

Median Income \$57,700



The Oregon Affordable Housing Tax Credit (OAHTC): A Smart Choice for Affordable Housing HB 2527SB 823/SB 900

The Oregon Affordable Housing Tax Credit is an Oregon income tax credit available to banks and lenders. The OAHTC is one of the ways that Oregon ensures we all have a safe place to call home. It is one of the most important tools for developing affordable housing. Lenders write down the interest rate on permanent mortgages to underwrite *three kinds* of affordable housing:

- rental housing serving low-income renters;
- rental housing with federal rent subsidy to keep rents at 30% of a tenant's income; and
- manufactured home parks.

Use of the OAHTC for rental housing directly reduces rents, and therefore allows developers to serve lower income populations than they would otherwise be able to serve. The OAHTC can also be used to lower debt service costs on larger mortgages, reducing the demand on other state or local resources while still serving low income households. The OAHTC works well to increase the impact of other subsidy programs, such as direct grants, the federal low income housing tax credit and property tax abatement programs. OAHTC is a proven and effective program, and a smart choice for developers as they build affordable housing.

Who Benefits? All of our communities benefit, especially our low income renters and manufactured home park residents

We all benefit from a community in which residents have access to opportunity and a safe, stable place to call home.

Other beneficiaries of the Oregon Affordable Housing Tax Credit are *low income renters*, or *manufactured home park residents* who use it to purchase the parks their homes are in.

Renters in housing developed or preserved using the OAHTC would not easily find alternative housing. By law, all earn less than 80% of area median income. As an illustration, in Salem a family of four would earn \$28,850. Since 2009, almost 6 in 10 of the households benefiting statewide have also had a special need such as mental illness or history of homelessness.

Developers of affordable housing do not experience a direct benefit. Non-profit housing developers, housing authorities, and for profit developers all use the OAHTC to accomplish their mission by increasing their portfolio of housing affordable to low income households.



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The OAHTC leverages private capital into developments and makes the development of projects serving very low income households feasible.

Developers must maintain the units as affordable housing for the duration of their "use agreements," which are at least twenty years and often 40 to 60 years.

Banks and other lenders do not experience a direct financial benefit, as they reduce interest rates an equivalent amount to the tax credit claimed. The attached examples provide detail on how this works for each of the three approved uses of the OAHTC.

- Rental properties built or renovated using the OAHTC have significantly reduced rents because of the OAHTC. Rents are reduced at least dollar for dollar by the amount of interest savings provided by the OAHTC-reduced interest rate (table one).
- Table two shows the amortization schedules for a loan with and without OAHTC to show the tax credit calculations and minimum rent pass through over time.
- Rental housing with federal subsidy already offers tenants rents equal to 30% of household income. In these properties, the OAHTC is used to increase the total debt on the property, in order to buy and rehabilitate the property, which in turn reduces the demand on state or other resources for gap financing (table three) while supporting efforts to keep tenants stable in their homes and preserve the valuable federal rent subsidies.
- Manufactured home parks at risk of sale and conversion can be purchased using the OAHTC in order to preserve the housing for existing, typically lower income, residents. The OAHTC can be used to increase the amount of the permanent loan needed for the purchase and rehabilitation of the park, thereby reducing the need for gap financing which is very difficult to obtain (table four).

Lenders *do* receive one significant non-cash benefit: favorable treatment in Community Reinvestment Act (CRA) reviews by their regulatory agencies because of their participation in the financing of housing affordable to low income households. The CRA requires that each depository institution's record in helping meet the credit needs of its entire community be evaluated periodically. That record is taken into account in considering an institution's application for new facilities or mergers.

Table 1

Operating Proforma:		Rents w/o OAHTC			Rents with OAHTC			OAHTC Rents and Market Interest Rate			OAHTC Test
# Units		AMI*	Rent/unit/Mo.	\$/Year	AMI	Rent/unit/Mo.	\$/Year	AMI	Rent/unit/Mo.	\$/Year	
1 Bd/1Ba	4	60%	\$ 538	\$ 25,824	46%	\$ 411	\$ 19,728	46%	\$ 411	\$ 19,728	Required Pass-through \$34,992 Actual ** Pass-through \$45,048
1 Bd/1Ba	8	60%	\$ 538	\$ 51,648	53%	\$ 476	\$ 45,696	53%	\$ 476	\$ 45,696	
2 Bd/1 Ba	9	60%	\$ 645	\$ 69,660	47%	\$ 495	\$ 53,460	47%	\$ 495	\$ 53,460	
2 Bd/1 Ba	12	60%	\$ 645	\$ 92,880	53%	\$ 570	\$ 82,080	53%	\$ 570	\$ 82,080	
3 Bd/1.5 Ba	2	60%	\$ 745	\$ 17,880	47%	\$ 580	\$ 13,920	47%	\$ 580	\$ 13,920	
3 Bd/1.5 Ba	2	60%	\$ 745	\$ 17,880	53%	\$ 660	\$ 15,840	53%	\$ 660	\$ 15,840	
Total Annual Rental Income	37			\$ 275,772			\$ 230,724			\$ 230,724	
less: Total Expenses				160,947			160,947			160,947	
Net Operating Income				\$ 114,825			\$ 69,777			\$ 69,777	
Loan Amount				\$ 1,175,000			\$ 1,175,000			\$ 740,000	\$ (435,000)
Interest Rate				6.75%			2.75%			6.75%	
Amortization Schedule (years)				30			30			30	
Annual Debt Service				91,452			57,562			57,596	

*AMI (Area Median Income) is the standard test of affordability. To be considered "affordable", rents at any level of AMI cannot exceed 30% of income.

Loan amount that achieves OAHTC rents w/o OAHTC rate

Additional capital (subsidy) requirement to achieve OAHTC rents w/o OAHTC

**Actual Pass-through typically exceeds the minimum required pass-through for the following reasons:

1. Provides a cushion for compliance monitoring by OHCSO.
2. Increases competitiveness for subsidy funding through OHCSO.
3. Fulfills mission of project sponsors.

Table 2

Loan w/o OAHTC				Loan with OAHTC				Tax Credit Calculation			Required Minimum Annual Rent Pass-through
Year	Interest Paid Market	Principal Paid	Ending Balance	Interest Paid OAHTC	Principal Paid	Ending Balance	Avg. Balance	A	B	Actual	
	Original Principal 1,175,000			Original Principal 1,175,000							
	Amortization 360			Amortization 360							
	Interest Rate (w/o OAHTC) 6.75%			Interest Rate (OAHTC) 2.75%							
	Monthly Payment 7,621			Monthly Payment 4,797							
	Annual Payment 91,452			Annual Payment 57,562							
	# Units: 36			# OAHTC Units: 36							
1	78,930	12,523	1,162,477	31,992	25,570	1,149,430	1,161,208	46,938	46,448	46,448	34,992
2	78,058	13,394	1,149,083	31,280	26,282	1,123,147	1,135,253	46,778	45,410	45,410	34,992
3	77,125	14,327	1,134,756	30,548	27,014	1,096,133	1,108,576	46,577	44,343	44,343	34,992
4	76,128	15,325	1,119,431	29,795	27,767	1,068,367	1,081,156	46,332	43,246	43,246	34,992
5	75,061	16,392	1,103,040	29,022	28,540	1,039,827	1,052,972	46,039	42,119	42,119	34,992
6	73,919	17,533	1,085,507	28,227	29,335	1,010,492	1,024,004	45,692	40,960	40,960	34,992
7	72,699	18,754	1,066,753	27,410	30,152	980,340	994,229	45,288	39,769	39,769	34,992
8	71,393	20,060	1,046,693	26,571	30,991	949,349	963,624	44,822	38,545	38,545	34,992
9	69,996	21,456	1,025,237	25,708	31,854	917,495	932,167	44,288	37,287	37,287	34,992
10	68,502	22,950	1,002,287	24,820	32,742	884,753	899,834	43,682	35,993	35,993	34,992
11	66,904	24,548	977,739	23,909	33,653	851,100	866,601	42,995	34,664	34,664	34,992
12	65,195	26,257	951,481	22,971	34,591	816,509	832,442	42,223	33,298	33,298	34,992
13	63,367	28,086	923,395	22,008	35,554	780,955	797,332	41,359	31,893	31,893	34,992
14	61,411	30,041	893,354	21,018	36,544	744,411	761,244	40,393	30,450	30,450	34,992
15	59,319	32,133	861,221	20,000	37,562	706,850	724,151	39,319	28,966	28,966	34,992
16	57,082	34,370	826,851	18,954	38,608	668,242	686,025	38,128	27,441	27,441	34,992
17	54,689	36,763	790,087	17,879	39,683	628,559	646,837	36,810	25,873	25,873	34,992
18	52,129	39,323	750,764	16,774	40,788	587,770	606,558	35,355	24,262	24,262	34,992
19	49,391	42,061	708,703	15,638	41,924	545,846	565,157	33,753	22,606	22,606	34,992
20	46,462	44,990	663,713	14,470	43,092	502,755	522,603	31,992	20,904	20,904	34,992
	1,317,760	511,287		478,995	672,245					694,479	

Total Tax Credit:	694,479
Rent Reduction/unit/Month	81
Annual Rent Pass-through	34,992

Table Three: Preservation. Rental housing with federal subsidy already offers tenants rents equal to 30% of household income. In these properties, the OAHTC is used to increase the total debt on the property. This reduces the demand on state or other resources for gap financing while supporting efforts to keep tenants stable in their homes and preserve the valuable federal rent subsidies. This is an actual example of the use of OAHTC.

Preservation Project Example:					
Operating Proforma:			Without OAHTC	With OAHTC	
	# Units	Rent/unit/Mo.	\$/Year	\$/Year	
1 Bedroom	52	\$ 520	\$ 324,480	\$ 324,480	
Total Annual Rental Income	52		\$ 324,480	\$ 324,480	
less: Total Expenses			262,325	262,325	
Net Operating Income			\$ 62,155	\$ 62,155	
Loan Amount			\$ 665,375	\$ 1,050,000	\$ 384,625
Interest Rate			7.00%	3.00%	
Amortization Schedule (years)			30	30	
Annual Debt Service			53,121	53,122	

Additional private loan amount made possible by the OAHTC.

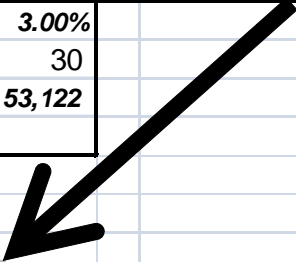


Table Four: Manufactured Home Park. Manufactured home parks at risk of sale and conversion can be purchased using the OAHTC in order to preserve the housing for existing, typically lower income, residents. The OAHTC can be used to increase the amount of the permanent loan, thereby reducing the need for scarce gap financing which is very difficult to obtain. This is an actual example of the use of OAHTC.

Manufactured Home Park Example:					
Operating Proforma:			Without OAHTC	With OAHTC	
	# Units	Rent/unit/Mo.	\$/Year	\$/Year	
Pad Rent	51	\$ 350	\$ 214,200	\$ 214,200	
Total Annual Rental Income	51		\$ 214,200	\$ 214,200	
less: Total Expenses			124,883	124,883	
Net Operating Income			\$ 89,317	\$ 89,317	
Loan Amount			\$ 660,000	\$ 1,050,000	\$ 390,000
Interest Rate			6.75%	2.75%	
Amortization Schedule (years)			30	30	
Annual Debt Service			51,369	51,438	

Additional private loan amount made possible by the OAHTC

