

Housing Finance Section

(Section and Program Overviews)

Housing Finance Loan Closer

Becky Baxter

Ph: (503) 986-2074

Becky.Baxter@hcs.state.or.us

Page 1 of 3 (Created on 04/11/2007)

Housing Finance Section Overview

The **Housing Finance Section**'s mission is to utilize all available resources to maximize the development and availability of high-quality affordable housing for low- and moderate-income families by providing feasible financing opportunities to borrowers.

The section's permanent loan programs offer below-market, fixed interest rate mortgages from the proceeds of tax-exempt bonds for a term of up to 40 years. In addition to permanent financing, the section offers predevelopment loans specific for farmworker housing, loan guarantees, and a partial property tax exemption program.

While managing current programs, the section continues to make improvements to existing programs and developing new programs that are more responsive to the need, of developers seeking to finance affordable rental housing in Oregon. Income generated by the loan programs provides the Department with the ability to offer other financing opportunities for developers who support low- and moderate-income rental housing developments in Oregon.

For more detailed information select the bolded program(s) web link below for the Program Factsheet and Application or go to:

http://www.ohcs.oregon.gov/OHCS/HFS_Multifamily_Loan_Programs.shtml.

Elderly & Disabled Loan Program

The Elderly & Disabled Loan Program is one of the section's permanent loan programs. This program provides below-market interest rate permanent mortgage loans by issuing pooled tax-exempt bond financing for affordable multi-unit rental housing projects. Borrowers may apply for this loan for construction of new affordable housing or for acquisition and/or rehabilitation of existing properties. This program finances apartments, congregate care, residential care, and assisted living facilities for elderly persons, as well as group care homes for mentally and physically disabled persons. OHCS provides credit enhancement, plus pays bond issuance expense. The Department will underwrite, originate and administer the loans.

Loan Guarantee and General (Lease) Guarantee Programs

The goal of the Programs is to encourage the lending community to make funds available to finance affordable housing projects with special consideration given to those projects which include a program of services for the residents. The Programs assist for-profit and nonprofit affordable housing developers in obtaining financing that will provide for construction, acquisition and/or rehabilitation of housing for low- and very low-income households. The Programs are used by the lender to guarantee up to 25% of the loan made to finance the development. The Department determines the guarantee amount during underwriting.

Continued -



725 Summer St NE Suite B, Salem, Oregon 97301-1266 | www.oregon.gov/ohcs

TEL 503.986.2000 | FAX 503.986.2020 | TTY 503.986.2100

Edited Date: 07/10/2008



Housing Finance Section

(Section and Program Overviews)

Housing Finance Loan Closer

Becky Baxter

Ph: (503) 986-2074

Becky.Baxter@hcs.state.or.us

Page 2 of 3 (Created on 04/11/2007)

[Mobile Home Parks Purchase Program](#)

The Mobile Home Parks Purchase Program (MHPP) is a revolving loan fund to provide prepurchase assistance to qualified tenants' associations, tenants' association supported nonprofit organizations, and Facility Purchase Associations with prepurchase costs in their respective manufactured dwelling park. The MHPP Program is designed to assist manufactured dwelling park (mobile home park) residents in gaining control over rising rents through ownership of their park.

[Oregon Rural Rehabilitation Loan Program](#)

The Oregon Rural Rehabilitation Loan Program is designed for farmworker housing development. The program was originally funded with a transfer of funds from the Oregon Division of State Lands. (The original funds were provided through the Secretary of Agriculture and designed to carry out the Bankhead-Jones Farm Tenant Act for the purpose of developing and/or preserving farmworker housing). The maximum loan is \$100,000 or 35 percent of project costs for a maximum term of 10 years. The interest rate is one percent to nonprofits and three percent to for-profit borrowers. The Department will underwrite, originate and administer the loans.

[Pass-Through Revenue Bond Financing \(Conduit\) Program](#)

The Department provides bond issuance services and does not provide the loan or credit enhancement. This program provides funds to finance the construction, rehabilitation and acquisition of multi-unit affordable housing for lower-income Oregonians. The program objectives include additional flexibility in loan structure. Department staff work in partnership with the developer, lender(s) and equity investor to coordinate concurrent underwriting and funding approvals.

[Predevelopment Loan Program and Habitat Predevelopment Loan Program](#)

The Programs provide below market financing and flexible terms for site acquisition and predevelopment costs. The Predevelopment Loan minimum is \$40,000; the maximum loan is \$1,500,000 with a maximum term of 2 years. The Habitat Predevelopment Loan Program maximum loan is \$40,000 with a maximum of 2 years. Loans are recourse to the borrower and do require adequate security. Eligible predevelopment costs may include architectural design, site acquisition, legal fees, appraisal reports, soil or environmental reports, and consultant fees. The Department will underwrite, originate and administer the loans.

Continued -



Housing Finance Section

(Section and Program Overviews)

Housing Finance Loan Closer

Becky Baxter

Ph: (503) 986-2074

Becky.Baxter@hcs.state.or.us

Page 3 of 3 (Created on 04/11/2007)

Risk Sharing Loan Program

The Program provides below-market interest rate permanent mortgage loans by issuing pooled tax-exempt bond financing for affordable multifamily rental housing projects. OHCS and HUD equally share in the AAA credit enhancement program. Through HUDs FHA mortgage issuance program, OHCS provides credit enhancement, plus bond issuance. The Department will underwrite, originate and administer the loans.

Seed Money Advance Loan Program and Market Study Loan Program

The Programs are revolving loan funds that can be used to pay recoverable predevelopment costs before construction loan proceeds are available. The program is intended to facilitate the development of high quality affordable housing by providing below market financing and flexible terms for site acquisition and typical predevelopment expenses, including market studies. The Seed Money maximum loan is \$40,000 with a maximum of 2 years and requires adequate security. The Market Study maximum loan is \$7,500 or actual market study costs (whichever is less) for a maximum of a 2 year term and may not require security. The Department will underwrite, originate and administer the loans.

Vertical Housing Program

The 2005 Legislature passed legislation moving the Vertical Housing Program from Oregon Economic and Community Development Department (OECDD) to Oregon Housing and Community Services (OHCS). The program encourages mixed-use commercial / residential developments in areas designated by communities through a partial property tax exemption. The exemption varies in accordance with the number of residential floors on a project with a maximum property tax exemption of 80 percent over 10 years. An additional property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80 percent of area median income or below).

OHCS is the state housing finance agency, providing financial and program support to create and preserve opportunities for quality, affordable housing for lower income Oregonians. The agency also administers federal and state antipoverty, homeless and energy assistance community service programs.

