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TEMPORARY ADMINISTRATIVE ORDER
INCLUDING STATEMENT OF NEED & JUSTIFICATION

OHCS 1-2025
CHAPTER 813
OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT

FILED
01/03/2025 9:02 AM
ARCHIVES DIVISION
SECRETARY OF STATE
& LEGISLATIVE COUNSEL

FILING CAPTION: Updating LIFT guidance for rental development and homeownership program manuals.

EFFECTIVE DATE: 01/03/2025 THROUGH 07/01/2025

AGENCY APPROVED DATE: 12/26/2024

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Filed By:
Jaci Davis
Rules Coordinator

NEED FOR THE RULE(S):

The Local Innovation and Fast Track (LIFT) program manual is being split into two program manuals, one detailing affordable rental development and the other specifying all homeownership requirements, as these two program are administered within two different sections of work. OHCS will follow up in early 2025 with the permanent rule amendments for this rule, to include incorporating these updated program manuals.

JUSTIFICATION OF TEMPORARY FILING:

The homeownership funding opportunity will open next month, and this temporary rule order will allow for funding to be awarded while these changes are made permanently. OHCS will begin the permanent rule amendment process for LIFT in early 2025.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:

Additional information can be found on the OHCS website under the Local Innovation and Fast Track (LIFT) Program. ORS 458.485-490.

HOUSING IMPACT STATEMENT:

These rules do not affect the cost of development of a 6000 square foot parcel and the construction of a 1200 square foot detached single-family dwelling on that parcel.

RULES:

813-135-0020, 813-135-0025, 813-135-0030, 813-135-0035, 813-135-0040, 813-135-0050, 813-135-0060

AMEND: 813-135-0020

RULE TITLE: Definitions

RULE SUMMARY: Updating manual definition to include both LIFT Homeownership and LIFT Rental Development guidance.

RULE TEXT:

Terms used throughout OAR chapter 813, division 135may be defined in Oregon Revised Statute (ORS or statute), or in the Oregon Housing and Community Services (OHCS) General Definitions (OAR 813-005-0005), or herein. As used in these rules:

(1) “Applicant” means a person or entity that applies for an allocation of LIFT Housing Program resources from OHCS by completing an application provided by OHCS.

(2) "Like-New Market Rate Housing" means housing developed and placed in service recently as unrestricted and unsubsidized housing that requires no rehabilitation to continue to operate as housing, including but not limited to not requiring work for improvements to major systems (electrical, plumbing, HVAC) or structures (roof, elevator, building envelope).

(3) “Local Innovation and Fast Track Housing Program Manuals” or “LIFT Program Manuals” or “Manuals” means the program manual for the Local Innovation and Fast Track program, as described in OAR 813-135-0025. The manuals may be accessed online at OHCS’s website.

(4) “Low Income Households” means households of one or more individuals whose combined incomes are at or below 60 percent of the area median income for rental projects, or at or below 80 percent of the area median income for homeownership projects.

(5) “NOFA” means Notice of Funding Availability.

(6) “Operate” means to have sufficient direct or indirect control of qualified property that reasonably enables the Housing and Community Services Department, in its determination, to ensure the qualified property’s use for the purpose of providing affordable housing under the LIFT Housing Program.

(7) “Operating Agreement” is a legally binding document between OHCS and the proposed project owner whereby the proposed project owner agrees, among other things, to provide and maintain the project and to guarantee its compliance with the requirements of OHCS by executing and recording the Operating Agreement and Declaration of Land Use Restrictive Covenants on the project in return for an allocation of proceeds from Article XI-Q bonds.

(8) "ORCA" means Oregon Centralized Application, which the Affordable Renal Housing Division utilizes to solicit and fund applications.

(9) “Own” means to possess one or more interests in a qualified property that reasonably enables Housing and Community Services Department, in its determination, to ensure the qualified property’s use for the purpose of providing affordable housing under the LIFT Housing Program.

(10) “Project” means a qualified low-income housing project. A project may include one or more buildings and any associated common area and may be located on scattered sites.

(11) “Qualified property” means real or personal property, including infrastructure and indebtedness related to the real or personal property.

STATUTORY/OTHER AUTHORITY: ORS 456.515 – 456.725, ORS 458.485 - 490

STATUTES/OTHER IMPLEMENTED: ORS 456.559(1)(f)

AMEND: 813-135-0025

RULE TITLE: Local Innovation and Fast Track Housing Program Manuals

RULE SUMMARY: Updating manuals references to include both LIFT Homeownership and LIFT Rental Development guidance.

RULE TEXT:

(1) Additional policies and application instructions are outlined in the LIFT Program Manuals incorporated into, and adopted as part of this division of administrative rules by reference.

(a) For Rental dated January 1, 2025, describes the requirements and guidelines for multifamily rental projects.

(b) The Local Innovation and Fast Track (LIFT) Manual for Homeownership Development dated January 1, 2025, describes the requirements and guidelines for homeownership projects.

(2) The manuals may be accessed online at OHCS's website.

STATUTORY/OTHER AUTHORITY: ORS 456.515 – 456.725

STATUTES/OTHER IMPLEMENTED: ORS 458.480-458.490

Local Innovative Fast Track Program (LIFT)

Homeownership Program Manual

Contact
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Revised January 2024

Table of Contents

I. Overview

This manual is adopted by reference in OAR 813-135

The Local Innovation and Fast Track (LIFT) program is administered by Oregon Housing and Community Services (OHCS) and funded through the allocation of Article XI-Q General Obligation bond proceeds. LIFT was established in statute in 2015 to expand the supply of affordable housing in Oregon for households with low incomes across the state and, in particular, historically underserved communities, including communities of color and rural communities.

LIFT supports the creation of new rental and homeownership projects. LIFT Homeownership funding can be used to support the construction of new affordable homes for purchase, and the conversion of existing nonresidential buildings into new affordable homes for purchase. This manual describes the requirements and guidelines for LIFT Homeownership. It covers program information and requirements throughout the cycle of the LIFT program including the application process, , underwriting and loan closing, the construction period, project completion, and compliance throughout the duration of the LIFT Affordability Period.

A. Purpose of the Manual

The purpose of this Manual is to outline many of the requirements of LIFT Homeownership. OHCS strongly recommends that potential LIFT Applicants and their Development Team read the entirety of the Manual to understand the requirements of any Project prior to initiating an application for funding. Additional resources may be found on the OHCS website.

B. Approval and Effective Date of the Manual

This Manual shall be effective when it is adopted by reference into administrative rule. It shall remain in effect indefinitely, unless the rule adopting it by reference is amended or repealed. Upon adoption of the Manual into administrative rule, the provisions of this Manual will apply to all Projects submitted for application January 1, 2025, or later.

C. Administration and Interpretation of the Manual

OHCS is authorized to interpret and administer the Manual. In addition, OHCS has the authority to interpret and administer any specific Program regulation, policy, related administrative rule, or other Project requirement subject to the limitations of law.

OHCS regularly sends out information including but not limited to funding offering information, regulatory changes, trainings, etc., to interested parties in the form of email communications referenced as Homeownership Division Technical Advisories.

D. Program Contact

LIFT Homeownership is managed by Oregon Housing and Community Services' Homeownership Division Any questions or comments regarding this Program or Manual should be directed to the Senior Homeownership Development Program Analyst via the following methods:

By email: HO.Development@hcs.oregon.gov

By phone: 503-986-2000

By Mail: Oregon Housing & Community Services

Attn: Homeownership Development

725 Summer St NE, Suite B | Salem, OR 97301

E. Statutes and Rules Relevant to LIFT

Many of the requirements for LIFT Homeownership come directly from Oregon Revised Statutes (ORSs) and Oregon Administrative Rules (OARs). The below statutes and rules pertain to OHCS, the LIFT Program, and Article XI-Q bonds.

- **ORS chapter 456** – Housing statutes, including Housing and Community Services Department definitions, administration, bonding, etc.
- **ORS 458.480 – 458.490** – LIFT statutes
- **OAR chapter 813** – Administrative rules for Housing and Community Services Programs (to the extent applicable)
- **OAR chapter 813, division 135** – LIFT Program administrative rules
- **ORS 286A.816 – 286A.826 and OAR 122-075-0100 – 122-075-0160** –Statutory framework and administrative rules related to the administration of Article XI-Q bonds

F. Public Records

Materials and information submitted to OHCS are subject to public disclosure unless otherwise exempt from disclosure under ORS 192.355(24) or any other provision of the Oregon Public Records Law. OHCS provides no assurance that any materials provided to OHCS can be protected from public release.

G. Waivers

If OHCS acts contrary to or fails to take action in accordance with the Manual or any other Program Requirement, such act or omission does not constitute a waiver by OHCS of an obligation of a Project, person, or other entity to comply with the provisions of the Manual, other Project Requirements, or formal commitments made, or establish a precedent for any other Project, person or entity. No waiver, modification, or change of the Manual, any other OHCS Program Manual, or any other Project Requirement will be binding upon OHCS unless it is in writing, signed by an authorized agent of OHCS, and consistent with law.

H. Remedies

OHCS may, among other actions, deny an Application, reject an Appliation, or terminate an Application or Project in process for a failure to comply with Program Requirements.

I. Charges

LIFT Applicants and Borrowers are responsible for payment of a number of charges during the cycle of the LIFT application, loan, and compliance monitoring period. Details of charges and their amounts are explained in the applicable NOFA but, in general, include the following:

- Application charge due at submission of Application
- Recipient charge due after signing of the Reservation Letter
- Reservation charge due at closing of escrow
- Document preparation charge due at closing of escrow. The number of recorded documents may vary depending on the project.
- Pass-through DOJ charge typically due at closing of escrow
- Annual compliance monitoring charge due each year after the first Home in each Project has sold or 36 months after the Reservation Letter date, whichever is sooner.

Invoices for charges will be due and payable within 30 days of the invoice date. Invoices that are not paid within 90 days of the due date may be referred to Oregon Department of Revenue for collections. OHCS and DOJ charges are not eligible uses of LIFT funds and must be paid using another available funding source.

J. Fair Housing & Civil Rights Compliance

Applicants and Borrowers must:

- Comply with all applicable state and federal nondiscrimination laws.
- Act affirmatively (including the use of appropriate outreach) to ensure those who may be or are at risk of being underserved are provided with appropriate access to resources.
- Comply with Equal Opportunity Employment standards in hiring and retaining personnel.
- Satisfy any population-specific or service standards as required in Program Requirements or as set forth in Project agreements.
- Display the Fair Housing name and/or logo when homes are marketed or promoted.

K. Acknowledgment of Oregon Housing and Community Services

Oregon Housing and Community Services shall be listed by name on all materials where the Project contributors are listed or named.

II. General Program Information

A. Program Goals

The purpose of the LIFT Program is to expand the supply of affordable housing in Oregon for households with low incomes through the allocation of proceeds from Article XI-Q general obligation bonds. The LIFT Homeownership Program aims to quickly place affordable Homes in operation in historically underserved communities, including in communities of color and rural communities.

1. Engagement of Communities of Color

To meet the legislative intent of LIFT and to further OHCS's policy priorities around racial equity, all Projects must have a track record of, or plan for, engaging communities of color. Any approach must include intentional and meaningful engagement including, but not limited to, planning for the Project, marketing the Homes, and supporting Qualified Homeowners in buying and maintaining their Home.

Engagement with communities of color can be achieved in several ways and should be relevant to the community where the Project is located and any focus population anticipated to be served by the project. Outreach strategies might include such things as:

- An ongoing service partnership with a culturally specific or culturally responsive organization;
- Project building design is influenced and informed by the community or communities the Project is serving;
- A Project explicitly designed and located to address displacement of communities of color; or
- Agreements with area service providers to engage in culturally appropriate services for residents.

Additionally, each Project is required to submit a relevant marketing and outreach plan designed to publicize the availability of new housing opportunities created by the Project. The plan should be accessible to communities of color in the Applicant's service area, address any barriers that communities of color might encounter in applying for and accessing housing, and identify ways to affirmatively further fair housing[1].

2. Service to Rural Communities

LIFT prioritizes rural communities as areas historically underserved in housing production. As such, consideration to rural communities and rural developments will be provided in each NOFA. A definition of what is considered a rural area will be provided in the Applicable NOFA.

B. General LIFT Requirements

LIFT Homeownership funding is made available through a Notice of Funding Availability (NOFA). Applicants must satisfy the requirements listed below to be eligible to apply and qualify for LIFT funds.

1. Article XI-Q General Obligation Bond Requirements

The LIFT Program is funded by the proceeds of general obligation bonds issued pursuant to Article XI-Q of the Oregon Constitution. The Agency Guide to Financing Capital Projects with Article XI-Q Bonds lays out requirements for using Article XI-Q Bonds. For instance, OHCS must operate or own the Qualified Property that it funds.

[1] For further information see Title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3608 and Executive Order 12892.

2. Eligible Borrowers

LIFT Borrowers and all other entities that will have an ownership interest in the land during the Affordability Period must be Eligible Covenant Holders as defined in ORS 456.270(3).

3. Eligible Activities

LIFT Homeownership funding must be used to increase the number of net affordable Homes in Oregon. Eligible activities are new construction of affordable homes for purchase or conversion of existing non-residential structures to affordable homes for purchase. Manufactured homes qualify for LIFT funding as long as they are permanently affixed to a foundation.

4. Affordability Restrictions

Homes funded by LIFT must maintain affordability for households earning 80% of the area median income or less (see definition of "Affordability Requirements"). The Affordability Period begins with the first Home sale and extends for a minimum period of 20 years beyond the Project completion date. The LIFT loan will be due and payable in full at the end of the 20-year Affordability Period. The LIFT Borrower may elect to satisfy the LIFT loan by extending the Affordability Period for another 20 years, or may elect to satisfy the LIFT loan by a combination of repayment and affordability as acceptable to OHCS.

Larger scale mixed-income Projects may be eligible for the LIFT Program, but the LIFT funds provided for such a Project must be used for costs associated with the Homes reserved solely for households at or below 80% AMI.

5. Shared Equity Models

To be eligible for LIFT Homeownership, Developers must use a shared equity model in which an Eligible Covenant Holder maintains ownership of the land and Qualified Homeowners purchase the individual Homes. Developers must show that they have the infrastructure or partnerships in place to steward LIFT-built homes throughout the term of the LIFT loan.
Examples of common shared equity models include:

- Community Land Trusts (CLTs)
- Leasehold Condos Manufactured Homes Parks
- Traditional and Limited Equity Cooperatives

6. LIFT Loan Terms

The LIFT loan must be secured by a first-lien deed of trust acceptable to OHCS and recorded against the fee interest in the Property. OHCS may secure a first lien deed of trust recorded against the Project Improvements as well. OHCS may share a first lien security interest with other lenders, subject to the execution of OHCS's Intercreditor Agreement and other documents necessary to establish the relative priority and rights of the parties.

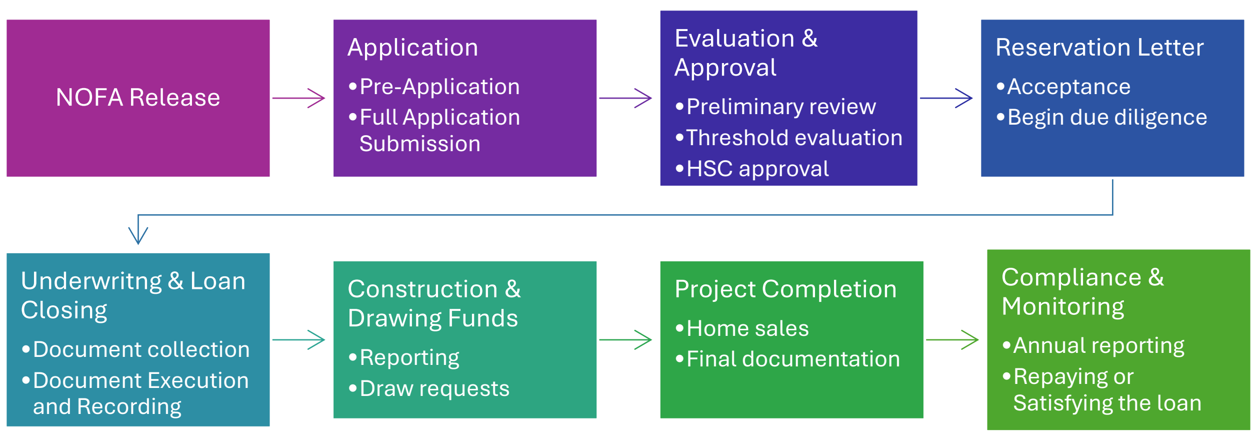
LIFT funds are loaned at 0% interest with deferred payments throughout the Affordability Period. Loans are due and payable upon completion of the initial 20-year Affordability Period. In lieu of payment, LIFT loans can be satisfied by extending the Affordability Period for an amount of time at least equal to the original Affordability Period (20 years) or by a combination of repayment and extended affordability as acceptable to OHCS.[2]

The Affordability Period, Borrower responsibilities, rights, remedies, and other information will be set forth in an Operating Agreement that encumbers the property. Should the Borrower choose to extend the Affordability Period, they must enter into a new Operating Agreement at the time of the extension.

For all projects, the affordability period will remain the same for all homes regardless of the length of time between sales. This means that the affordability period will begin immediately upon sale of the first home, but the consideration of 20-years will begin once the final home in the project is sold. This ensures that all homes in the project experience the full affordability period.

C. LIFT Program Life Cycle

The following graphic shows a high-level overview of the stages of the LIFT program from NOFA release to compliance and monitoring. The following sections lay out the program requirements for each stage of LIFT.



III. Application Requirements

A. LIFT Homeownership NOFA

When funding is available, OHCS will release a Notice of Funding Availability (NOFA) to the public and Applications will be accepted through a non-competitive process. The NOFA reiterates requirements of the LIFT program, describes the application process, and lays out any specific terms of the funding including subsidy amounts and set-asides.

[2] See OAR 813-135-0040.

1. Per Home Subsidies

OHCS typically funds projects based on the number of homes and bedroom count. LIFT Homeownership is intended to provide gap funding for the construction of for-sale Homes and offset the difference between the cost of construction and the Home sales price. Within the NOFA, OHCS will list the limits for per home subsidies amounts. The maximum amount of subsidy that a LIFT Homeownership Project can request is calculated using the lesser of the following:

- The maximum per-Home subsidy identified in the Applicable NOFA; or
- The amount of funding necessary to ensure the Project is financially viable. OHCS will verify this number considering the following items:
  - A detailed pro forma and thorough evidence of costs;
  - At least one other source of funds is committed or highly likely in addition to LIFT and sales proceeds;
  - Net profits including developer fee do not exceed 10%; and
  - The LIFT funds, plus all other Project debt, do not exceed the anticipated value of the completed Project as determined by a relevant Appraisal.
- Depending on funding availability each year, OHCS may also implement an additional per project or per entity cap to ensure funding is available for more projects.

2. Funding Set-Asides

A NOFA may incorporate soft set-asides for available LIFT funds. The set-asides ensure that targeted or underserved Applicants or Projects are considered for funding. Set-asides will be reserved for a given time frame before being released to the broader applicant pool. Details of set-aside categories and timelines will be identified in the Applicable NOFA.

B. Evaluation of Applications

Applicants are evaluated based on the standards and criteria published in the applicable NOFA. Applicants must demonstrate, or partner with a Developer who can demonstrate, sufficient experience and capacity to successfully complete the proposed Project on time and within budget. Additionally, Applicants must demonstrate that they have experience administering a community land trust or other applicable shared equity model or have partnered with an organization that has this type of experience. Funds will be awarded on a first-come, first-served basis to Applications that meet all required eligibility standards and minimum threshold requirements.

1. Preliminary Requirements

Minimum eligibility standards include but are not limited to the following criteria:

- Application Completeness: The submitted application is complete and contains all required documents;

- Timeliness: Applicants must demonstrate that the Project is ready to proceed, feasible for the intended use, and beneficial to the greater community and its intended Qualified Homeowners. At a minimum, Applicants will be asked to provide details or evidence of the following:
    - The Applicant has obtained and will maintain site control in the form of an undivided fee simple interest, an option to purchase dating beyond the anticipated LIFT closing timeline, or other documentation suitable, as determined in OHCS's sole discretion, to prove site control.
    - The site is suitable for the intended Homeowners, for the proposed Project, and able to comply with LIFT and Article XI-Q bond timelines.
    - The project meets all timeliness requirements including evidence of appropriate zoning, site control, and a timeline that demonstrates the following:
        - Closing of the LIFT loan within 6 months of receiving the Reservation Letter;
        - Start of vertical construction within 12 months of receiving the Reservation Letter;
        - Completion of Home construction within 36 months of receiving the Reservation Letter.
        - Sale of all homes within 42 months of receiving the Reservation letter.
- Financial Viability: The project meets minimum financial requirements including committed financing sources, a balanced proforma, and profits, contingencies, and escalation amounts meet the requirements defined later in this Manual.
- Applicant Integrity: To qualify for funding, neither the Applicant nor any member or entity within the Development Team may meet any of the following criteria:
    - Is under investigation for, has been indicted for, or has been convicted of fraud or an act of moral turpitude within the previous ten years;
    - Is or has been involved in a bankruptcy proceeding within the previous five years;
    - Has been debarred or otherwise sanctioned by a local, state, or federal agency, or
    - Has outstanding charges owed to OHCS from previous Applications or Projects.

If an applicant cannot meet the preliminary requirements listed in the NOFA, the applicant is not eligible for LIFT funding and the Application will be denied. If an Applicant passes the preliminary requirement review and there an availability of funds, the Application is moved to an evaluation of minimum thresholds.

2. Minimum Threshold Requirements

An Applicant much pass each minimum threshold category in order to be eligible for funding. Minimum threshold standards will include an evaluation of specific criteria within the following categories:

- Developer capacity demonstrating that the Borrower and Development Team can take on and successfully complete the Project within the required timeline;
- Developer experience shows that the Development Team has the expertise required to complete the Project;
- Efforts have been undertaken to engage with, reach out to, or otherwise include communities or populations underrepresented as homeowners;
- The Project is financially feasible and has made efforts to contain costs and mitigate risk (as detailed in section B3 below);
- The Project characteristics demonstrate that the development is intentionally designed to best meet the needs of its residents and the community;
- The Borrower has experience with the shared equity model chosen for this Project and has developed sufficient policies and processes to operate it.

A detailed scoring rubric that lists criteria under each category will be published with each NOFA.

3. Financial Requirements

Applicants must be financially sound and the Project must be financially viable. Applicants will be required to submit organization financial statements showing cash position, debts and assets, and track record of financial health. Applicants must have plans in place to address cost overlays and may be required to provide evidence of risk mitigation measures such as a guarantee, performance bond, or certain amount of liquidity.

Applicants are required to submit a detailed pro forma that includes all financing sources, anticipated Home sale prices, and evidence of Project costs. Applicants must provide evidence of at least one additional funding source that covers costs that are not eligible for LIFT funds. Additionally, the pro forma must show sufficient funding in total and year-to-year during the construction period. The Application must show consideration of increasing costs, including allowable construction contingencies up to 5% of associated costs and escalation planning up to 10% of associated costs.

a) Developer/Borrower Maximum Profit

The combined Developer and Borrower profit may be no more than 10% of construction costs, calculated as: (net profit including developer fees) divided by (total project cost minus acquisition cost, developer fees, and general contractor fees). Developer/Borrower profit may not increase above the amount stated in the Application. Allowable profit will be verified upon completion of the Project in a final pro forma that shows actual Project costs.

b) General Contractor Maximum Fees

When the general contractor is a Related Entity/Person, or otherwise has an Identity of Interest with the Applicant or Project owner, the general contractor's maximum combined profit, general conditions and overhead is limited to 10% of total rehabilitation/construction costs plus site work costs. All other general contractors will be limited to 14% of total rehabilitation/construction costs plus site work costs.

4. Documentation Requirements

OHCS will require the submission of documentation that enables OHCS to assess the Applicant, Project, financial requirements, and overall Project risk. Specific document requirements will be listed in the Applicable NOFA and may include, but are not limited to, Articles of Incorporation showing the legality of the entity, recent financial statements, Development Team biographies, commitment letters from lenders and other financing sources, memorandums of understanding with relevant stakeholders, and organizational bylaws.

At any point during the life of a LIFT Project, OHCS reserves the right to request additional documentation from Applicants or Borrowers to ensure Project feasibility and compliance with LIFT requirements.

C. Misrepresentation and Fraud

OHCS may disqualify an Applicant or Project, or cancel funding, if the Applicant, a co-Applicant, a Principal, or a representative of an Applicant, co-Applicant, or Principal makes a material misstatement, omission, or misrepresentation to OHCS; or is currently under investigation by a public body for, has a pending claim, indictment, suit, action, or other proceeding against them for, or has been convicted of or been determined by an administrative or judicial (whether criminal or civil) order or judgment to have committed fraud, misrepresentation, theft, embezzlement, or any other act of moral turpitude (including, but not limited to any felony or malicious behavior) within the previous ten years. OHCS, in its sole discretion, may also exercise any and all other remedies available, or otherwise available by law.

1. Identities of Interest

Applicants must also disclose and describe to OHCS all Identities of Interest that exist with respect to the Applicant and the Project. Such disclosures shall be made when the Application is submitted and at any point at which an Identity of Interest is created after the Application has been submitted.Identities of Interest that are not disclosed may result in disqualification, a cancellation of funding, a breach of contract, or other measures as determined by OHCS.

D. Application Denial

An Applicant may resubmit an updated version of a Project that was denied for preliminary or threshold review issues or for lack of available funds. OHCS reserves the right to deny any Application for any reason.

E. Application Approval

Successful Applications are brought to the Housing Stability Council (HSC) for approval. Upon approval of the Project, the Applicant receives a Reservation Letter from OHCS stating the award amount and conditions of acceptance. An acceptance of the Reservation Letter initiates the due diligence period to fulfill requirements for closing the LIFT loan.

IV. Underwriting & Loan Closing

To secure the funding reservation, conditions listed in this section must be completed prior to executing the loan documents between the Borrower and OHCS. Conditions will be detailed in an attachment to the Reservation Letter.

A. Requirements prior to the LIFT Loan Close

Prior to the LIFT Loan Closing, the Borrower must submit documents that show that the Project meets all requirements to close on the LIFT loan and begin development. Such documentation includes, but is not limited to:

- Evidence of property ownership, clear title, and status of the Borrower and Development Team through documents such as property deeds, Secretary of State business registry, and title insurance.
- Evidence of compliance with other state and local agencies such as appropriate zoning, determination on prevailing wage requirements, and fair housing review.
- Evidence of environmental assurance including Department of State Lands wetlands review. The Borrower must provide a Phase I Environmental Study report that is dated within 12 months of the applicable NOFA application submission date. If the study identifies an REC (Recognized Environmental Condition), OHCS may require follow up studies, a mitigation plan, revised pro forma, etc.
- Evidence of appropriate insurance as required in the Applicable NOFA. The policy(s) must be active on or before the date of executing the loan documents and remain active throughout the affordability period.

Borrowers are expected to meet closing conditions within six months of the Reservation Letter date. Projects that do not meet the six-month deadline may have their funding reservation rescinded or may be required to complete and resubmit new documents including, but not limited, to Phase 1 Environmental Study, appraisal, and other documents determined by OHCS to require updating.

B. Evidence of Continued Financial Viability

1. Appraisal

All Projects must be substantiated by an as-built appraisal made with the following considerations:

- Value must be determined considering the land and all future site work, structures, and other capital improvements.
- Calculations must consider any existing restrictions attached to the land or the use of the land (not including LIFT or other future restrictions).
- The appraisal must name OHCS as an intended user of the appraisal and grant permission to OHCS to discuss the report with its preparer.

Appraisals must show a value equal or greater than 100% of the total debt on the Project, including the LIFT loan, construction financing, and any other financing sources that may take a security interest in the Property.

2. Other Financial Details

LIFT Borrowers must submit all other documents required in the Reservation Letter to demonstrate continued financial solvency and viability of the Project prior to closing. A final pro forma must be provided with committed financing sources and updated expenses showing continued compliance with all requirements and restrictions listed in this Manual and the Applicable NOFA.

C. Loan Closing and Recording Documents

OHCS legal documents must be executed through a title company representative. Borrowers must open escrow with an appropriate title company and provide OHCS the necessary details to complete the loan closing. The LIFT loan closing must be completed simultaneously with any construction loans or similar funding sources.

If Borrowers are using LIFT funds to purchase the land, OHCS may include a disbursement of LIFT funds via escrow for this purpose. If the property includes any other debts related to development of the Project, such as a preconstruction loans, including a loan under the Land Acquisition Program, those loans must be paid off during escrow or subordinated to the LIFT loan.

V. Construction Requirements and Drawing Funds

A. Construction Standards

Developments must follow all applicable state and local requirements. Applicants must obtain the required building permits prior to commencing construction, and certificates of occupancy must be obtained for all Homes at Project completion. Project partners and/or stakeholders other than OHCS may have their own Project requirements. Borrower and the Development Team must satisfy all Project requirements from all Project stakeholders.

Unless OHCS approves an exception, Homes must meet or exceed minimum floor area requirements and include proportional and appropriate sizes for each room and living space.

Home Type	Minimum Floor Area (Sq. Ft.)
Studio	350
1 Bedroom	600
2 Bedroom	800
3 Bedroom	1,000
4 Bedroom	1,250

LIFT construction requirements are intended to encourage innovation and allow for all types of new construction. Traditional and alternative methods of new construction are allowed. Innovative and cost-saving construction that serves low-income populations is encouraged. Construction that balances the initial cost of building with on-going costs of the homeowner (e.g. energy standards, low-maintenance lawns, and other factors) is recommended.

At minimum, all Homes must be built to 30-year building standards and adhere to applicable portions of OHCS's Core-Development Manual (CDM)which is available on the OHCS website.

Evidence that the Project's General Contractor is currently licensed with the State of Oregon Contractor's Certification Board (CCB) in good standing is also required.

B. Development Timeline

OHCS requires that Projects be planned and fully financed (with the exception of OHCS funding) at the time of application and ready to proceed upon meeting all requirements in the Project Reservation Letter.

Homes must be ready for initial sale within 36 months of the date of the Reservation Letter. The Project's construction schedule submitted with the Application must support the 36-month completion requirement. OHCS's expectation is that the LIFT loan will close within six months of the Reservation Letter date. Vertical construction should begin within 12 months of the Reservation letter date, and Certificates of Occupancy are required within 36-months of the Reservation Letter date with a potential six-month grace period to complete the sale of all the LIFT-funded homes in the Project.

C. Recorded Ground Lease

LIFT Borrowers are required to submit a copy of the recorded Master Lease and other documents relevant to the Project's shared equity model. The Master Lease must be recorded in the county where the Project is located prior to selling the first Home.

D. Reporting Requirements

1. Quarterly Progress Reporting

Borrowers must complete and submit progress reports detailing updates and overall status of the Project. Reporting requirements begin once the Reservation Letter is executed and continue until all Homes have sold and all completion conditions (listed in Section VI-B) have been met.

2. Ongoing Reporting and Documentation

Borrowers are expected to provide documentation showing the continued success of the Project and solvency of the Project and organization. Applicable documents may include, but are not limited to, annual tax returns, certificates of insurance, certificates of occupancy, household income verification, and certificates of ongoing compliance.

3. Notification Requirements for Problems or Changes

LIFT Borrowers must promptly notify OHCS of changes to the Project that may affect a Borrower's ability to comply with the Program Requirements. This includes, but is not limited to, changes in the

Project's development schedule, number of LIFT-funded Homes in the Project, design characteristics (e.g., bedroom/bath count, square feet, construction type), staff, funding, substantial changes in Project costs, Master Lease terms, etc. OHCS reserves the right to approve or reject proposed changes, and changes made without notification and consent of OHCS may result in revocation of OHCS funds.

Any changes to the property's legal description after the loan closing will require an amendment to the LIFT regulatory documents and recording thereof. Changes in the property's legal description can cause delays on the sale of the newly built Homes if not addressed promptly.

Borrowers may notify OHCS of any problems, delays, or changes through quarterly reports or via direct notice to relevant HOD staff.

4. MWESB/SDVBE Engagement

Minority, Women-Owned, Emerging Small Business, and Service-Disabled Veteran Business Enterprises (MWESB/SDVBE) are those registered with the State of Oregon as such through the COBID process, or self-identifying as such, certified through the OHCS-approved forms and processes. All Applicants must identify approaches and/or targets for contracting with MWESB/SDVBE-certified or -eligible contractors/subcontractors in the construction and operation of the proposed Project.

All projects that receive LIFT funds must adhere to OHCS' MWESB/SDVBE Compliance manual, available on the OHCS website. Borrowers must submit annual reports to OHCS demonstrating outcomes of efforts to contract with MWESB contractors/subcontractors. Reporting commences once the Reservation Letter is executed and continues until all Homes have sold and all completion conditions (Section VI.B.) have been met.

E. Draw Requests

Borrowers may begin drawing on the LIFT award at or after closing. All LIFT funds should be disbursed or requested for disbursement within 36 months of the Reservation Letter date. LIFT funds may be used in escrow at the time of LIFT loan closing to pay off land acquisition or other eligible expenses incurred prior to financial close. After the LIFT loan documents are recorded, Borrowers will be limited to one draw request per month. Borrower is not required to make a draw request each month.

All draw requests must be substantiated by relevant invoices or other documentation demonstrating that the cost has been incurred and that the expenses are eligible for payment with LIFT funds.

1. Allowable Expenses

State-issued Article XI-Q bonds that are allocated for LIFT Homeownership Development must be used for costs that can be capitalized, like land acquisition, site development, and construction for affordable housing. LIFT Homeownership Development Projects will follow eligible costs in accordance to the Agency Guide to Financing Capital Projects with Article XI-Q Bonds available on the Department of Administrative Services website .

<u>Examples of allowable bond costs:</u>

- Land acquisition loan
- Site development and infrastructure
- Construction
- Construction loan interest and fees
- Consultant, engineering, surveys
- Architecture, design
- Development contractors and sub-contractors

Examples of unallowable bond costs:

- Related party (e.g., OHCS funds cannot be used to pay OHCS charges)
- Debt reduction (e.g., construction loan principal)
- Insurance, property taxes
- Title and escrow charges, recording fees
- Public infrastructure (e.g., public sidewalks and curbs that are not on the Project site)
- Moving or relocation
- Pollution remediation
- Rent (e.g., temporary office space for employees)
- Operating costs (e.g., office supplies, training, meals, postage, printing, etc.)
- Indirect or administrative expenses (e.g., operating and replacement reserves, staff payroll, etc.)
- Certain direct labor costs if serving as your own General Contractor

VI. Project Completion and Ongoing Compliance

A. Home Sales

Borrowers must submit documentation showing that completed Homes and Qualified Homeowners meet Program Requirements. Such documentation includes, but is not limited to:

- Certificates of occupancy for each Home, due within 30 days of their issue date.
- Income certification forms and demographic data for each Qualified Homeowner, due within 30 days of sale. Before selecting homebuyers and selling homes, OHCS requires Borrowers to review these forms and other published Homeowner Income and Demographic Data Guidance.
- Income certification for Qualified Homeowners may be verified at the time of the Hhome purchase date or no more than one year prior to that date. Area medium income must at or below 80%, adjusted by family size, as determined by OHCS based upon information from the U.S. Department of Housing and Urban Development ("HUD"). Income certification is required for all subsequent homebuyers.
- Qualified Homeowners shall have the opportunity to provide their demographic data to the Borrower, but the Borrower must inform Qualified Homeowners that providing such data is optional.

B. Final Documentation

Once the last Home in the Project is sold, OHCS requires the submission of documentation to confirm Project completion. In addition to specific items for each Home, OHCS may require, among other items as requested, items such as photos of the front exterior of each completed Home, final subdivision maps, written statements on the implementation of outreach to communities of color and its results, and the MWESB/SDVBE final report.

Applicants must also submit a final pro forma including actual financing sources and sales proceeds, debt repayment, and final Project costs. The final pro forma must comply with all profit requirements, and the Developer/Borrower profit percentage must be no higher than the amount proposed and approved in the Application.

OHCS reserves the right to request reimbursement for undue or unallowable profit.

C. Compliance & Monitoring

1. Annual Monitoring and Reporting

Annual compliance monitoring begins for each Project at the beginning of the calendar year following the first Home sale. As part of this process, Borrowers must submit the following:

- A Certificate of Continuing Program Compliance, due at the beginning of each calendar year. The certificate verifies that Homes are sold and resold only to Qualified Homeowners, and demonstrates compliance with property maintenance and repairs, insurance, defaults, financial statements, and other requirements.
- Annual monitoring charges will be assessed and invoiced to each Borrower entity. As of the date of this Manual, charges are assessed at $25 per Home per year.

2. Home Sales and Subsequent Purchases

When a Qualified Homeowner sells their Home and a new Qualified Homeowner purchases it, the entity subject to the LIFT Operating Agreement must notify OHCS of the sale. This must happen within 30 days of a LIFT Home being sold to a new Qualified Homeowner. The Borrower must submit income verification documents showing that the new Qualified Homeowner is earning at or below 80% AMI and provide any other necessary documents for the Home sale.

If the ownership of a Home passes via inheritance, Borrower must submit all required documents, but the new homeowner does not need to meet income eligibility criteria so long as they occupy the Home as their primary residence.

3. Remedies

The remedies and rights of each responsible party are set forth in the LIFT Operating Agreement.

a) Foreclosure of Individual Homes

In the event that a mortgage lender issues a deed in lieu of foreclosure or executes a foreclosure action on a LIFT-funded home, OHCS shall release the Affordability Requirements, solely as to the lot underlying the Home that was transferred or sold. In such event, OHCS may accelerate repayment of the Loan on a pro-rata basis as provided in the Loan Documents. The pro-rata portion of the Loan secured by the Lot on which the foreclosed Home is located shall not be eligible for satisfaction under the provisions of OAR 813-135-0040(4)(a). The Affordability Requirements for all other Homes associated with the LIFT Project will still apply.

4. Renewed Affordability Period

The LIFT loan will be due and payable in full on the LIFT loan maturity date, i.e., the end of the 20-year Affordability Period. In the alternative, and as provided by OAR 813-135-0040, the Borrower may elect to satisfy the LIFT loan by extending affordability for another 20 years, or by combining loan repayment and affordability extension in a manner that is approved by OHCS.

VII. Definitions

Affordability Period – The period of time during which the Affordability Requirements apply. The Affordability Period begins on the date that any Home in the Project is first conveyed to a Qualified Homeowner and expires not sooner than 20 years thereafter. If the Borrower chooses to satisfy the LIFT Homeownership loan by extending affordability, rather than by repayment of the LIFT loan, affordability must be maintained for an additional 20 years beyond the initial 20 years of affordability. OHCS may, at its sole discretion, extend the Affordability Period for periods of time matching corresponding periods of time during the Affordability Period for which OHCS determines Borrower to be in material noncompliance with any of the terms of the Operating Agreement.

Affordability Requirements – A Borrower may enter into a land lease only with a Qualified Homeowner, and the lease payment that the Qualified Homeowner is required to pay, when combined with any mortgage payment owned by such Qualified Homeowner for the Home, may not exceed what is considered affordable, as determined by the U.S. Department of Housing and Urban Development on an annual basis, to a household with an income of 80% of the Area Median Income. The Affordability Requirements apply for the duration of the Affordability Period.

Applicable Notice of Funding Availability (NOFA) – The Notice of Funding Availability that applies to the year the Application is submitted.

Applicant – A person or entity that applies for LIFT Housing Program funds by completing an Application provided by OHCS.

Application - All forms, information, and exhibits that an Applicant must submit in a request for LIFT Homeownership funds for a Project.

Area Median Income (AMI) – The median income for the county in which the Project is located, adjusted for family size, as determined by the Housing and Community Services Department using U.S. Department of Housing and Urban Development information.

Borrower – The entity to which LIFT funds are issued upon satisfaction of all conditions of the Reservation Letter. The Borrower is responsible for ensuring that all Program Requirements are fulfilled.

Contingency - A set aside of funds to be used for construction or development conditions that are not certain to occur. OHCS places a maximum allowable amount for contingency planning when determining the LIFT award amount.

Developer - An organization with a controlling interest in the proposed or funded Project that is or will be compensated for that controlling interest.

Development Team - All persons and organizations materially involved in the acquisition, construction, rehabilitation, development, or improvement of the Project, including but not limited to the Applicant/Borrower, Developer, project management consultant, and general contractor.

Eligible Covenant Holder – Defined in ORS 456.270(3). Applicants and Borrowers must be Eligible Covenant Holders.

Home – A dwelling constructed as part of a Project that receives LIFT Homeownership funds and will be sold to a Qualified Homeowner.

Identity of Interest - A financial, familial, or business relationship that permits less than arm's length transactions. Examples of relationships in which an Identity of Interest may be present include, but are not limited to: Related Entities/Persons; persons, entities, or organizations affiliated with or controlled by or in control of another; existence of a reimbursement program or exchange of funds; common financial interests; common officers, directors, stockholders, or managers; or family relationships between officers, directors, or stockholders.

Local Innovation and Fast-Track Housing Program (LIFT, LIFT Program, or **LIFT Housing Program) –** The Program established by ORS 458.480 – 458.490 and implemented by OHCS.

LIFT Homeownership – The part of the LIFT Program that is administered by the Homeownership Division and that provides funds to construct Homes for purchase.

LIFT Homeownership Project – A Project that is awarded LIFT Homeownership funding.

Loan Closing - The stage in the funding process when applicable conditions of the Reservation Letter are satisfied and the Project prepares to commence construction.

Low Income Households - Households of one or more individuals whose combined incomes are at or below 80 percent of the Area Median Income.

Manual - The LIFT Homeownership Manual (this document).

Notice of Funding Availability (NOFA) – The document that announces LIFT Homeownership funding availability and describes the requirements to apply for that funding.

Homeownership Division (HOD) - The section of Oregon Housing and Community Services (OHCS) that is responsible for the funding and administration of the LIFT Homeownership Program and other homeownership-related programs.

Operate - Having sufficient direct or indirect control of Qualified Property that reasonably enables the Housing and Community Services Department, in its determination, to ensure the Qualified Property's use for the purpose of providing affordable housing under the LIFT Housing Program established in ORS 458.485.

Operating Agreement – An agreement between OHCS and the Borrower that imposes affordability covenants on the land that is part of the Project, and in which the proposed Project owner agrees, among other things, to construct and maintain the Project and comply with Program Requirements.

Program(s) - A specific source of state or federal funds that provides a methodology to award those funds for the development of affordable housing Projects.

Program Requirements - collectively, all of the following, including as may be amended from time to time, all performance requirements, restrictive covenants, warranties, liabilities, operational standards, and other obligations of the Borrower arising under the terms and conditions of the LIFT Program, including applicable provisions of Article XI-Q, of the Oregon Constitution ("Article XI-Q"), the Act, this Agreement, the Loan Documents, the Affordability Requirements, OHCS' administrative rules, applicable OHCS manuals, applicable OHCS orders and directives, and other applicable federal, state, and local laws, ordinances, codes, rules, and regulations.

Project - A low-income homeownership development for which funding, in whole or in part, is sought from or obtained from OHCS. A Project may include land, one or more Homes, other buildings, and any associated common areas. A Project may be located on a single site or on scattered sites.

Qualified Homeowner - A homeowner whose income, at the date of the Home purchase or no more than one year prior to that date, is at or below 80% area median income, adjusted by family size, as determined by OHCS based upon information from the U.S. Department of Housing and Urban Development ("HUD").

Related Entity/Person - These include, but are not limited to; (1) members of a family; (2) a fiduciary and either a grantor or a beneficiary of a trust; (3) a party and a federally tax-exempt organization that the party, or members of the party's family, controls; (4) a party and either a corporation or a partnership in which the party has more than a fifty percent (50%) ownership interest; (5) two business entities, either corporations or partnerships, where a party has more than a fifty percent (50%) interest in each; (6) two corporations that are members of the same controlled group; and (7) two parties engaged in trades or businesses under common control.

Reservation Letter – A conditional agreement between OHCS and a Borrower that sets forth the award amount and conditions of acceptance. The letter is signed by the Borrower to indicate acceptance of the conditional award.

Rural Communities – The OHCS Rural - Urban definition first evaluates housing density by census tract. Those tracts with 640 or more housing units per square mile are tentatively considered urban, below 640 housing units is rural. Next, OHCS uses the National Center for Health Statistics County Schema to better understand what the economic and geographic environment the tract is part of. About 3.5% or 35 of 1,002 tracts were affected by the county code matrix. Rural tracts in an urban core county (e.g., Multnomah) shift to urban, urban tracts in rural or noncore counties flip to rural (e.g., downtown Klamath Falls). Lastly, within counties coded as a 3 or 4, a city/town cannot be considered urban if the city/town is located further away than 30 miles from the nearest respective MSA. The OHCS Rural or Urban Status Map is a helpful tool in letting sponsors know what category to select when completing an application. Please note that you will need to search for specific addresses, as parts of the same city/town may include both rural and urban designations due to using density to determine rural or urban status.

Local Innovative Fast Track Program (LIFT)

OREGON HOUSING and COMMUNITY SERVICES

Rental Program Manual

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Revised January 2, 2025

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This manual is adopted by reference in OAR 813-135-0025

Introduction

The Local Innovation and Fast Track (LIFT) program is administered by Oregon Housing and Community Services (OHCS) and is funded through the sale of Article XI-Q General Obligation bonds. LIFT was established in statute[1] by the Oregon Legislature in 2015 as an innovative way to increase the supply of affordable housing in Oregon for low-income households, specifically communities of color and rural communities.

LIFT supports the creation of new rental and homeownership projects. This manual describes the requirements and guidelines specifically for the LIFT Rental program and projects applying for or awarded LIFT funding. LIFT rental funding can be used to support the construction of new affordable rental units, the conversion of existing nonresidential buildings into new affordable housing, or to acquire like-new market rate rental housing and converting it to affordable housing. LIFT Rental funds are made available through the Oregon Centralized Application (ORCA). LIFT Rental applications are evaluated using the standards, criteria, and processes identified in the ORCA.

Program Goals

The primary goals of the LIFT Rental program are to increase the supply of new affordable housing in historically underserved communities, including communities of color and rural communities, throughout Oregon. Secondary goals of the LIFT Rental program are to place affordable housing units in operation as quickly as possible, while serving families earning at or below 60% of County Area Median Income (AMI). The impact of LIFT funds is measured by increasing the statewide affordable housing inventory (net new units), particularly in rural communities and communities of color.

Serving Rural Communities

Predating the Statewide Housing Plan, rural communities were named (in the statute creating LIFT) as a historically underserved community. As such, 50% of LIFT funds are set-aside specifically for projects located in rural communities, and rural projects are also required to serve members of cultural communities.

Serving Communities of Color

To meet the legislative intent of LIFT and to further OHCS' policy priorities around racial equity, all projects, in both rural and urban areas, must serve communities of color. OHCS recognizes that these approaches may look very different in urban communities, which could have a larger array of culturally specific or responsive developers or service providers in close proximity, than in rural communities where such organizations may not be as present. Furthermore, we are aware that some communities are more diverse than others

[1] ORS 458.485

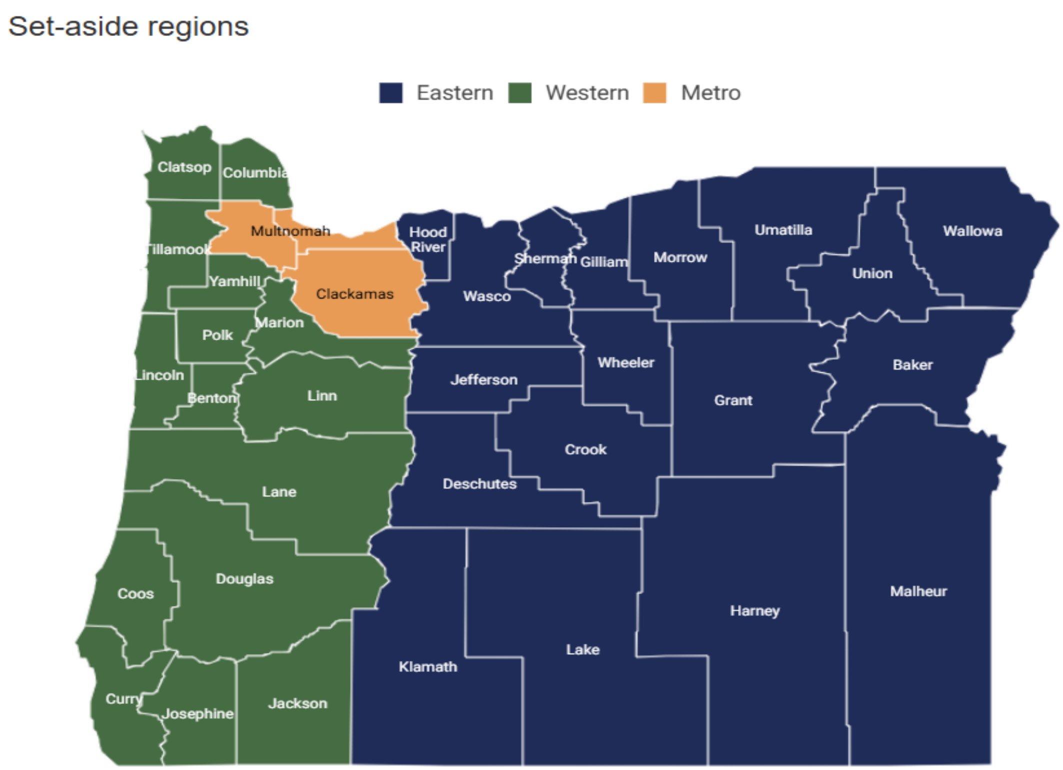
and the outreach strategies must be tailored appropriately. Any approach that is chosen must include intentional and meaningful engagement of communities of color in services planning for the development.

Resources that foster connections with cultural communities in rural areas are less likely to be stand-alone organizations. Instead, culturally responsive services and resources may be part of the array of services offered through organizations that serve the broader community and have connections to provide support to cultural communities, for example places of worship, community centers, stores that sell culturally specific products, or community agencies with outreach partnerships.

LIFT Funding set-asides

Within the ORCA, OHCS has reserved or "set-aside" funding for specific organizations and geographic regions to relieve the housing burden of historically underserved populations and ensure investment in communities across Oregon. These set asides can be found here: [ORCA Funding Set-Asides](#).

Geographic set-aside funding aligns with the [Oregon Housing Needs Analysis](#).



Culturally Specific Organization (CSO): an entity that provides services to a cultural community and the entity has the following characteristics:

- Majority of members and/or clients must be from a particular cultural community.
- Organizational environment is culturally focused, and the cultural community being served recognizes it as a culturally specific entity that provides culturally and linguistically responsive services.
- Majority of staff must be from the cultural community being served, and the majority of the leadership (defined to collectively include board members and management positions) must be from the cultural community being served.
- The entity has a track record of successful community engagement and involvement with the cultural community being served, rooted on a foundation of respect and trust; and
- The organization engages in advocacy for housing and/or economic justice for the cultural community with their guidance.

OHCS acknowledges many organizations are culturally responsive organizations, highly valued in the community for inclusive practices and meeting the needs of its communities and cultures. This does not necessarily meet the criteria of a culturally specific organization.

Nonprofit development in rural communities
OHCS defines rural or urban status in two parts. OHCS evaluates housing density by census tract and uses the National Center for Health Statistics (NCHS) County Schema to better understand the economic and community context surrounding a given tract. You can use the link below to determine whether a property location is designated as rural or urban: OHCS Rural or Urban Status Map.

Alignment with Other OHCS Manuals

MWESB/SDVBE: In addition to the ORCA manual, all projects that receive LIFT funds are required to adhere to OHCS' Minority, Women-owned, Emerging Small Business and Service-Disabled Veteran Business Enterprises (MWESB/SDVBE) Compliance Manual found here for Rental projects: OHCS-MWESB-Compliance-Manual_FINAL_1.2.23.pdf

GPGM: Rental LIFT projects must also adhere to the General Policy and Guideline (GPGM) Manual found here: General Policy and Guide Manual (GPGM)

Core-Development Manual: The standards in the Core-Development Manual (CDM) apply to ORCA funded LIFT projects. The CDM and more information can be found here: CDM

QAP: LIFT can be paired with 4% and 9% Low Income Housing Tax Credits (LIHTC)/Private Activity Bonds (PAB). If paired, the project will need to incorporate the requirements of the LIHTC Qualified Action Plan (QAP) which can be found here: Qualified Action Plan.

Program Requirements

Eligible Activities
LIFT funding can only be used to increase the number of net new affordable housing units in Oregon and cannot be used for projects that require rehabilitation. Eligible LIFT housing projects include new construction, the conversion of existing non-residential structures to affordable housing, and the acquisition of like-new properties. When applying for LIFT funds, a project must meet the criteria for the eligible LIFT activity that it is applying for.

New Construction**:** All new construction units funded through the LIFT rental program must be affordable to households earning at or below 60% HUD Area Median Income (AMI) at the time of initial lease, with an exception for the one manager's unit per project location. All takeout financing units funded through the LIFT rental program must be affordable to households earning at or below 60% HUD Area Median Income (AMI) at the time of initial lease, with an exception for the one manager's unit per project location. The project must be placed in service 36 months after Housing Stability Council awards a Letter of Intent (LOI) to the project. LIFT new construction projects utilize the new construction subsidy limits as defined in the ORCA. The developer fee requirements for LIFT new construction are the developer fee amounts listed in the ORCA manual.

Conversion of existing non-residential to affordable units**:** The conversion of non-residential units to affordable units is an eligible use of LIFT funds. Once converted, these units must be affordable to households earning at or below 60% HUD Area Median Income (AMI) at the time of initial lease, with an exception for one manager's unit per project location. All takeout financing units funded through the LIFT rental program must be affordable to households earning at or below 60% HUD Area Median Income (AMI) at the time of initial lease, with an exception for the one manager's unit per project location. The project must be placed in service 36 months after Housing Stability Council awards an LOI to the project. The conversion of existing non-residential units to affordable units utilizes the new construction subsidy limits as defined in the ORCA. The developer fee for LIFT conversion is the developer fee amounts listed in the ORCA manual.

Acquisition of like-new properties**:** LIFT can be used to acquire "like-new" properties. To be eligible for LIFT funds, the property must be constructed, have no existing affordability restrictions, and meet the following criteria:

Placed in service recently: Properties cannot be under construction. The submission of a complete Impact Assessment application must be within 7 years of the project's receipt of the certificates of occupancy.

Require no funding for renovations, this includes and is not limited to:
- Major systems (electrical, plumbing, HVAC)
- Envelope (siding, doors, windows)
- Roofs

- Replacement of finishes for durability
- Elevators

Meet Income requirements within 36 months: All units in like new market rate properties acquired with a LIFT Rental program loan must transition all units (except for one manager's unit, if applicable) and lease to households earning at or below 60% AMI within 36 months of purchase. The amount of the LIFT award available at financial closing will be proportional to the percentage of units in the property occupied by 60% AMI households. Prior to any LIFT funds being disbursed, proof of Certificates of Occupancy within the last 7 years prior to a complete Impact Assessment must be provided to OHCS. As units turn over and are subsequently occupied by 60% AMI households, additional funds can be drawn by the owner and if all requirements are met, paid by OHCS.

All takeout financing units funded through the like-new LIFT acquisition program must be affordable to households earning at or below 60% HUD Area Median Income (AMI) at the time the project is placed in service, with an exception for the one manager's unit per project location. All like-new LIFT acquisition projects utilize the rehabilitation/ acquisition subsidy limits as defined in the ORCA. For like-new LIFT acquisition projects, the developer fee is limited to 5% of overall costs to purchase the property and complete conversion of community space, if applicable.

In like-new market acquisition projects, the only rehabilitation use of LIFT resources allowable is to convert community or outdoor space to support tenants. LIFT funds cannot be used for relocation of tenants.

LIFT Subsidy Limits

ORCA subsidy limits apply to LIFT funding. Please note that when applying for LIFT funding through the ORCA, where LIFT is the only source of OHCS funding, the maximum Subsidy Limits are higher than maximum Subsidy Limits for a project where LIFT is paired with 4% or 9% Low Income Housing Tax Credits (LIHTC). ORCA subsidy limits can be found in the ORCA manual. Oregon Centralized Application (ORCA).

Calculation of LIFT subsidy**:** The first step to calculating the maximum amount of LIFT subsidy for a project is to identify the subsidy limits that are specific to your project (LIFT only or LIFT paired with LIHTC limits and income levels for each size of unit)**.**

LIFT new construction and the conversion of non-residential units to new affordable units both use the new construction subsidy limits. Here is an example[2] of an Urban New Construction subsidy chart.

	Urban New Construction			
Incomes Served (based on unit restrictions; PBRA units use 60% AMI)	**Studio**	**1 bedroom**	**2 bedroom**	*+ Per-Bedroom*
30% AMI	$265,000	$325,000	$385,000	*$60,000*
40% AMI	$250,000	$300,000	$350,000	*$60,000*

Acquisition of like-new housing in a rural area uses the Rural Acquisition/ Rehabilitation subsidy limits.

	Rural Acquisition / Rehabilitation			
Incomes Served (based on unit restrictions; PBRA units use 60% AMI)	**Studio**	**1 bedroom**	**2 bedroom**	*+ Per-Bedroom*
30% AMI	$190,000	$250,000	$310,000	*$40,000*
40% AMI	$175,000	$235,000	$295,000	*$40,000*

Using the appropriate subsidy limits for each eligible use, the LIFT subsidy limits are calculated by determining the following:

- **Urban or Rural:** Whether the project will be urban or rural, OHCS Rural or Urban Status Map
- The **Area Median Income** that the units will target
- The number of **bedrooms** that are proposed in each unit.

For example, in a LIFT-only 30-unit new construction project of 1-bedroom units located in a rural location, with AMI set at 40%, the maximum LIFT new construction subsidy amount would be the following:

Unit Mix	Quantity	Urban/ Rural	% AMI	Subsidy Amount	Total LIFT subsidy
1 BR	30	Rural	40	$235,000	$7,050,000

[2] These tables are examples only and may not accurately represent the most up to date subsidy limits. Please refer to the ORCA up to date subsidy limits.

Development Timeline and Placed in Service Dates: At application, the project's construction schedule must support the 36-month lease-up requirement. For LIFT new construction and conversion, the placed in-service date is 36 months after Housing Stability Council approves a Letter of Intent (LOI) for the project. Obtaining a Certificate of Occupancy and having units ready to be leased up within the 36-month timeframe meets this Placed in Service requirement.

For LIFT Rental acquisition, it is expected that all LIFT-funded units in a property will be leased to tenants earning at or below 60% AMI within 36 months of purchase. LIFT Rental acquisition projects are considered placed in service when all LIFT-funded units are leased to tenants earning at or below 60% AMI or 36 months after applicant's purchase of the Project, whichever is earlier.

Operational or Ownership Interest

To use Article XI-Q General Obligation bonds for the creation of new rental housing, the conversion of existing non-rental structures to affordable housing, and for the acquisition of like-new properties, the State of Oregon is required to hold an operational or ownership interest in the project. The LIFT program is structured to hold an operational interest only and does not hold an ownership interest. OHCS uses an Operating Agreement approved by the Oregon Department of Justice (DOJ) as the instrument to do this.

Affordability Period and Loan Terms

For LIFT only projects, LIFT has a minimum 30-year affordability period, which starts the end of the year that the Project is placed in service. LIFT funds are loaned at 0% interest with payments deferred throughout the affordability period. Loans are due and payable upon completion of the affordability period. LIFT loans may be prepaid without penalty, though the affordability restrictions will remain upon repayment for the full affordability period.

In lieu of payment, LIFT loans can be satisfied by extension of the affordability period in any combination for a minimum of 60 years or by a combination of repayment and extended affordability as acceptable to OHCS. If paired with Tax Credits, the LIFT Project's affordability will align with LIHTC requirements and through extending the affordability, meet the requirements of the tax credit affordability period.

All Projects awarded 9% LIHTC must, as a requirement of LIHTC, remain affordable for a minimum of 60 years, including projects that are paired with LIFT. For loan satisfaction, the borrower can meet the 60-year affordability period and then elect to extend the affordability period for a minimum of an additional 5 years. If the borrower does not elect to use the loan satisfaction option, the loan becomes due and payable at the end of the 60-year LIFT affordability period.

All 4% LIHTC Projects must remain affordable, as requirement of LIHTC, for 60 years except for Projects where LIHTC resources are paired with LIFT with an affordability period of at least 30 years. If the borrower elects to use the loan satisfaction option, they can choose to extend the affordability period for a minimum of 30 years to be in alignment with the 4% LIHTC requirements.

For LIFT funds to be loaned to qualifying Applicants, site control in the form of either an undivided fee simple interest in the project site, or a long-term lease for at least the length of the affordability period, executed at or before loan closing, must be verified. The LIFT loan must be secured by a first-lien deed of trust acceptable to OHCS and recorded against the fee interest in the Property. OHCS may share a first lien security interest with other lenders, subject to the execution of OHCS' Intercreditor agreement and other documents necessary to establish the relative priority and rights of the parties.

If the LIFT loan is foreclosed prior to the completion of the affordability period established in the LIFT loan documents, the affordability will be extended for an amount of time equal to the affordability period established in the LIFT loan documents.

Underwriting Guidelines

Underwriting guidelines will be applied by OHCS in its due diligence and project review process to ensure ongoing project viability and risk mitigation associated with the LIFT Program. Such guidelines will be consistent with the industry standard minimum requirements of mortgage lenders, investors, and other potential public sources. More details can be found in the General Policy and Guideline Manual (GPGM).

Maximum Developer Fees

OHCS allowable developer fees for new construction and conversion activities are calculated as (developer fee + consultant fees) divided by total Project cost – (acquisition cost + developer fee +consultant fees + capitalized reserves). OHCS' maximum developer fees can be found in the GPGM.

For takeout financing, no developer fee is available.

Construction Standards

LIFT construction requirements are intended to encourage innovation and allow for all types of new construction. All projects must meet local and state code requirements. In the case that another funding source has its own requirements, the most restrictive requirements must be met. Both traditional and alternative methods of new construction are allowable; construction that is innovative in containing costs or otherwise serving low-income populations is encouraged. OHCS requires evidence that the Project's General

Contractor is currently licensed with the State of Oregon Contractor's Certification Board (CCB) and is in good standing.

LIFT requires building to a 30-year standard. This is defined as construction that balances the initial cost of building with on-going costs of operation for the building owner. Meeting this standard includes utilizing building materials and major building systems that accomplish this requirement in addition to adequately planning for the replacement of major building components and systems.

Development Timeline

For LIFT projects that are funded through the ORCA, the development timelines and requirements of the ORCA process will be followed, and the placed-in-service date must be within 36 months of the Housing Stability Council's approval of an LOI.

Closing Process

The ORCA outlines the process, steps, and timelines to close on funding awarded through the application process. Applicants are required to meet all evaluation standards to indicate to OHCS that they are ready to close out the application process. In addition, applicants must submit all other required supplemental documents. Please refer to the evaluation standards listed in the ORCA in the Commitment section of the ORCA manual for further information: Oregon Centralized Application (ORCA).

For LIFT and 9% LIHTC transactions, the Applicant must give OHCS at least thirty (30) days written notice of the scheduled Construction Closing. At least ten (10) days prior to the Construction Closing, but after the general contractor bids have been received, the Applicant must submit to OHCS the Project's final development budget, final sources of funds, and documentation to substantiate the final budget.

For LIFT and 4% LIHTC transactions, the Applicant must submit to OHCS the Project's final development budget, final sources of funds, and documentation to substantiate the final budget items at least ten (10) days prior to OHCS staff submission to OHCS Finance Committee for approval.

Project Completion, Lease-up, and Close Out

If a new construction or conversion from nonresidential to residential project does not utilize 4% LIHTC/Conduit Bonds, or 9% LIHTCs, then upon receipt of the project's Certificates of Occupancy and successful lease up, the following items must be provided to the Production Analyst working with the project:

- Updated Final application with updated and balanced sources & uses
- Certificates of Occupancy or Final Building Inspections for all buildings
- Digital Photos of the exterior of the project

- Any amendments to the property management agreement approved before construction close.
- Certificate(s) of insurance naming OHCS as a loss payee
- Site Map showing building addresses and unit numbers
- MWESB Final Application Matrix

If the project has 4% LIHTC/Conduit Bonds, follow the process for receiving 8609's in the QAP.

For like new acquisition projects, closeout will happen once all units are leased to households earning at or below 60% AMI.

For takeout financing, the project's production analyst will let the owner know if there is any additional information needed after financial closing.

Ongoing Compliance and Asset Management

LIFT has adopted the LIHTC Compliance Manual, found here: LIHTC-Compliance-Manual-2016, this is the standard for the ongoing monitoring of operating projects. Information will be transferred to the OHCS Portfolio Administration Section for on-going compliance until the end of the project's affordability period.

An annual Certificate of Continuing Compliance will be required as well as periodic onsite inspections and monitoring, according to Portfolio Administration's guidelines and the LIHTC Compliance Manual. A compliance monitoring fee sufficient to cover OHCS' due-diligence costs will be required annually. This fee may be adjusted over time by OHCS.

In addition, for LIFT only projects, OHCS will not require annual independent 3rd party audited financial statements unless they are required by a lender as OHCS is more interested in how the property is performing. If the property is meeting all its other annual certification, Asset Management, and operating requirements, then internal financial statements in addition to the Prolink Standard Template submitted through the Procorem WorkCenter for the property within 90-days of the close of the fiscal period will suffice.

If any time in the future, OHCS determines, at its sole discretion, that it needs more information, specifically as it relates to a property's financial performance, then OHCS will ask for independent 3rd party audited financial statements at the owner's expense and may continue to do so until the performance issue is resolved.

Statutes and Rules Relevant to LIFT

Many of the requirements for LIFT come directly from Oregon Revised Statutes (ORS) and Oregon Administrative Rules (OAR). The statutes and rules below pertain to OHCS, the LIFT Program, and Article XI-Q Bonds.

- **ORS chapter 456**: Housing statutes including Housing and Community Services Department definitions, administration, bonding, etc.
- **ORS 458.480 - 458.490:** LIFT statutes
- **OAR chapter 813**: Administrative Rules for Housing and Community Services Programs (to the extent applicable)
- **OAR chapter 813, division 135**: LIFT Program Rules
- **ORS 286A.816 – 286A.826 and OAR 122-075-0100 through 122-075-160**: Statutory Framework and Administrative Rules related to the administration of Article XI-Q bonds

Mixed-Income Affordable Housing Projects

LIFT rental funding can be used in mixed-income housing projects where a portion of the units meet LIFT eligibility requirements.

For a Project that includes unrestricted units, OHCS has several standards that must be adhered to in order to be eligible for and receive funding.

1. Project must have affordability restrictions placed on a minimum of 10 units or 10% of total units, whichever is greater.
2. Funding may not be used for the acquisition, construction, or rehabilitation of, or for any other costs relating to unrestricted units.
3. Shared costs including, but not limited to, roof, parking, or infrastructure costs, may be financed in part using OHCS resources in the manner described in OAR Chapter 813 Division 380.
4. The allocable cost of tenant facilities, such as swimming pools, other recreational facilities, and parking areas may be included provided there is no separate fee for the use of the facilities, and they are made available on a comparable basis to all tenants in the project.

Eligible and Non-Eligible Costs

For LIFT Rental, the ORCA lists examples of eligible and non-eligible costs, however some costs listed in the ORCA do not align with Article XI-Q Bond requirements. For LIFT Rental, the following is a list of Eligible and non-Eligible Costs.

LIFT funded projects are eligible to submit draw requests with invoices for reimbursement of project expenses upon the recording of the applicable program loan documents. Upon receiving a request for reimbursement, the assigned Production Analyst reviews all invoices to determine eligibility of payment out of the Article XI-Q bond proceeds.

Examples of allowed hard and soft costs:

- Direct Project Costs
- Land Costs (including paying acquisition loans)
- Construction Costs, which can include:
  - Minor demolition costs
  - Construction equipment for the project
- For Modular Projects:
  - Costs necessary to place the asset into its intended location and condition for use. Ex: Freight/Transportation
- Engineering Costs
- Architectural Costs
- Development Contractor Costs
- Accounting and legal costs
- OHCS, DOJ, BOLI, DEQ fees and charges (Only allowable at construction closing)

Examples of unallowed bond costs:

- Moving Costs (relocation costs)
- Pollution Remediation Costs
- Rent Costs (temporary office space for employees to work)
- Operating Costs (Office supplies, training, meals, etc)
- Indirect or Administrative Costs (operating reserves, replacement reserves, staff payroll, etc)
- Professional Membership Dues
- Expenses incurred prior to site identification or incurred to determine best location of project.

Article XI-Q Bond proceeds cannot fund a project reserve account for replacement, a project reserve account for unanticipated increases in operating costs, or operating subsidies.

Definitions

The terms defined in this LIFT Manual (including those provided in this subsection), as well as terms defined in other existing Program documents, will have the following meanings unless the context clearly indicates otherwise:

Affirmatively Furthering Fair Housing (AFFH): A provision of the 1968 federal Fair Housing Act that legally requires that all federal departments and agencies, as well as grantees of federal funding, must administer their programs and activities relating to housing and urban development in a manner that affirmatively furthers the purposes of the Fair Housing Act. Since 1 For further information, see Title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3608, and Executive Order 12892 the Fair Housing Act has two primary purposes – to prevent discrimination in the sale, rental, and financing of housing based on race, color, national origin, religion, sex, familial status, and disability and to reverse housing segregation – affirmatively furthering fair housing is fulfilling the dual purpose of the law. Specifically, as enforced by the U.S. Department of Housing and Urban Development (HUD), affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity based on protected characteristics, by replacing segregated living patterns with truly integrated and balanced living patterns by transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and by fostering and maintaining compliance with civil rights and fair housing laws.

Applicable Fraction: the fraction, either "Unit fraction" or "Floor space fraction," utilized in the Department's allocation of cost sharing in mixed income housing projects financed by the Department.

Applicant: A person or entity that applies for LIFT Rental funding by completing an application provided by OHCS.

Area Median Income (AMI): The median income for the county in which the Project is located, adjusted for family size, as determined by the Housing and Community Services Department using U.S. Department of Housing and Urban Development information.

Borrower: The entity to which LIFT funds are issued upon satisfaction of all associated conditions of the reservation and underwriting requirements. It is also the entity responsible for assuring that all conditions of the LIFT loan are fulfilled.

Construction: For LIFT funding, construction is defined as planning, design, and the actual building, or rehabilitation of structures intended for the purpose of creating affordable housing. Constructed housing follows an approval process of meeting codes and standards until occupied. To be able to utilize LIFT funding, a project cannot be under construction while applying for or planning to apply for OHCS funding.

Communities of Color: identity-based communities that hold a primary racial identity that describes shared racial characteristics among community members. The term aims to define a characteristic of the community that its members share (such as being African American) that supports self-definition by community members, and that typically denotes a shared history and current/historic experiences of racism. An older term for Communities of Color is that of "minority communities" which is increasingly inaccurate given that people of color are majority identities on a global level. That term has also been rejected for its potential to infer any inferior characteristics. The community may or may not also be a geographic community. Given that race is a socially defined construct, the definitions of these communities are dynamic and evolve across time. The Coalition of Communities of Color defines Communities of Color to include Native Americans, Latinos, Asian and Pacific Islanders (further disaggregated according to local preferences), African Americans, African Immigrants and Refugees, Middle Eastern, and Slavic communities.

Culturally Responsive Organization (CRO): an entity that comprehensively addresses power relationships throughout the organization, from the types of services it provides and how it maximizes language accessibility to its human resources practices-who it hires, how they are skilled, prepared and held accountable, to its cultural norms, its governance structures and policies, and its track record in addressing conflicts and dynamics of inclusion and exclusion, to its relationships with racial groups in the region, including its responsiveness to expectations. Furthermore, a Culturally Responsive Organization is one that is dynamic, on a committed path to improvement and one that is hardwired to be responsive to the interests of Communities of Color. Culturally responsive organizations hire and train culturally and linguistically diverse staff to meet the needs of the diverse communities they serve.

Culturally Responsive Services: Services that have been adapted to maximize the respect of and relevance to the beliefs, practices, culture and linguistic needs of the diverse client populations and communities being served, including clients and Communities of Color. Cultural responsiveness describes the capacity to respond to the issues of diverse communities. Culturally responsive services assure competent language access and incorporate diverse cultural approaches, strengths, perspectives, experiences, frames of reference, values, norms and performance styles of clients and communities to make services and programs more welcoming, accessible, appropriate, and effective for all eligible and intended recipients. Culturally responsive services require knowledge and capacity at different levels of intervention: systemic, organizational, professional, and individual.

Culturally Specific Organization (CSO): an entity that provides services to a cultural community and the entity has the following characteristics:

- Majority of members and/or clients must be from a particular cultural community.
- Organizational environment is culturally focused, and the cultural community being served recognizes it as a culturally specific entity that provides culturally and linguistically responsive services.

- Majority of staff must be from the cultural community being served, and the majority of the leadership (defined to collectively include board members and management positions) must be from the cultural community being served.
- The entity has a track record of successful community engagement and involvement with the cultural community being served, rooted on a foundation of respect and trust; and
- The organization engages in advocacy for housing and/or economic justice for the cultural community with their guidance.

Developer: An organization with a controlling interest in the proposed or funded Project that is or will be compensated for that controlling interest.

Development Team: All persons or organizations materially involved in the acquisition, construction, rehabilitation, development, or improvement of the Project, including but not limited to the Applicant/Borrower, Developer, project management consultant, and general contractor.

Floor Space Fraction: the fraction including the numerator, which is the total floor space of the rent-restricted units in the building, and the denominator, which is the total floor space of all residential rental units. Floor space includes the entire footprint of the unit, including closets within the unit and balconies attached to the unit for the sole use of the tenants occupying the unit.

Identity of Interest: A financial, familial, or business relationship that permits less than arm's length transactions. Examples of relationships in which an Identity of Interests may be present include but are not limited to: Related Entities/Persons; persons, entities, or organizations affiliated with or controlled by or in control of another; existence of a reimbursement program or exchange of funds; common financial interests; common officers, directors, stockholders, or managers; or family relationships between officers, directors, or stockholders.

Local Innovation and Fast-Track Housing Program (LIFT, LIFT Program, or **LIFT Housing Program):** The Program established by ORS 458.480 – 458.490 and implemented by OHCS.

LIFT Rental: The part of the LIFT Program that is administered by the Affordable Rental Housing Division and that provides funds to create net new affordable rental housing units.

LIFT Rental Project: a Project that is awarded LIFT Rental funding.

Low-Income: Households of one or more individuals whose combined incomes are at or below 60 % of the Area Median Income (AMI).

Manual: The LIFT Rental Manual (this document).

Mixed-Income Housing Project: a development that is comprised of housing units with differing levels of affordability, typically with some market-rate housing and some housing that is available to low-income occupants below market-rate.

Shared Cost Allocation Methodology 813-380-0015

(1) The Department may finance only the portion of housing projects consisting of units rented to households with an income below 120 percent of the area median income, as defined in ORS 485.610. The Department shall utilize the Applicable Fraction when allocating the rent-restricted portion of a Mixed Income Housing Project's shared costs, including infrastructure, parking, and other amenities included in the Applicant's pro forma development plan.

(2) The Applicable Fraction used in determining shared costs in a Mixed Income Housing Project shall be the lesser of the Unit Fraction or the Floor Space Fraction. The Department shall calculate both fractions for each Mixed Income Housing Project funding application and apply the smaller fraction total to determine the shared cost allocation. The Applicable Fraction is carried out four decimal places.

(3) The allocable cost of tenant facilities, such as swimming pools, other recreational facilities, and parking areas, may be included provided there is no separate fee for the use of the facilities, and they are made available on a comparable basis to all tenants in the project.

Operate: Having sufficient direct or indirect control of Qualified Property that reasonably enables the Housing and Community Services Department, in its determination, to ensure the Qualified Property's use for the purpose of providing affordable housing under the LIFT Program established in ORS 458.485.

Oregon Centralized Application (ORCA): The Oregon Centralized Application is a non-competitive funding process that offers loan, grant, and tax credit funds. The ORCA allocates funds on a first-come, first-reviewed basis with the goal of ensuring project readiness before a final commitment of funds is awarded. OHCS does not prescribe any pace for getting through the application steps. However, inactivity or failure to make progress on meeting evaluation standards for a period of between 6 and 12 months, depending on the step, will potentially remove a project from the application process and require it to restart at Intake.

Unit fraction: the fraction including the numerator, which is the number of rent-restricted units in the building, and the denominator, which is the total number of residential rental units in the building.

Principal(s): (1) With respect to a Project owned by a partnership, the partners; (2) with respect to a Project owned by a limited liability company, the members and managers; and (3) with respect to a Project owned by a closely held corporation, the shareholders.

Procorem WorkCenter: a secure portal technology solution by ProLink Solutions™ and used by OHCS to help facilitate collaboration and communication models for all ORCA applicants and future housing partners. The Procorem WorkCenter includes a repository for electronic document submission, a task management and tracking tool, an events calendar, and communication features.

Program Requirements: All terms, conditions, covenants, or other obligations of an Applicant or Owner (including through their officers, employees, contractors, agents, and assignees) with respect to a Program from which funding is sought or provided with respect to a Project, including as contained in relevant statutes, regulations, administrative rules, manuals, codes, OHCS directives, policies, applicable documents, or otherwise.

Prolink Standard Template: an excel workbook provided by OHCS to be used by owners/ property management agents to submit financial information. The workbook is based on the HUD Chart of Accounts and is imported into OHCS' HFA software program for analysis and recording.

Project: A low- income rental development for which funding, in whole or in part, is sought from or obtained from OHCS. A Project may include one or more buildings and any associated common area and may be located on scattered sites. The minimum number of units that LIFT can fund is 5 units.

Related Entity/Person: These include, but are not limited to; (1) members of a family; (2) a fiduciary and either a grantor or a beneficiary of a trust; (3) a party and a federally tax-exempt organization that the party, or members of the party's family, controls; (4) a party and either a corporation or a partnership in which the party has more than a fifty percent (50%) ownership interest; (5) two business entities, either corporations or partnerships, where a party has more than a fifty percent (50%) interest in each; (6) two corporations that are members of the same controlled group; and (7) two parties engaged in trades or businesses under common control.

Rural Communities: The OHCS Rural - Urban definition first evaluates housing density by census tract. Those tracts with 640 or more housing units per square mile are tentatively considered urban, below 640 housing units is rural. Next, OHCS uses the National Center for Health Statistics County Schema to better understand what the economic and geographic environment the tract is part of. About 3.5% or 35 of 1,002 tracts were affected by the county code matrix. Rural tracts in an urban core county (e.g., Multnomah) shift to urban, urban tracts in rural or noncore counties flip to rural (e.g., downtown Klamath Falls). Lastly, within counties coded as a 3 or 4, a city/town cannot be considered urban if the city/town is located further away than 30 miles from the nearest respective MSA. The

OHCS Rural or Urban Status Map is a helpful tool in letting sponsors know what category to select when completing an application. Please note that you will need to search for specific addresses, as parts of the same city/town may include both rural and urban designations due to using density to determine rural or urban status.

(CT) Housing Density?	County Code?	Result
Rural	1	Changes to Urban
Rural	2 to 6	Remains Rural
Urban	1 to 4	Remains Urban
Urban	5 or 6	Changes to Rural

Shared Costs: overhead or project costs that, by their nature, support the entire project rather than specific units. These could include, but are not limited to, roof, parking, or infrastructure costs. Per OAR 813-380-0005 through 813-380-0015, OHCS has adopted a methodology for allocating affordable housing portion of a housing development's shared costs.

Tribe or Tribal: A federally recognized Native American Tribe or Indian Tribe in Oregon, as defined in ORS 182.162, or related to the same.

Tribal-led Project: A project that is sponsored by a Tribe, a Tribally Designated Housing Entity, or an organization owned by a Tribe.

AMEND: 813-135-0030

RULE TITLE: Eligibility

RULE SUMMARY: Updating eligibility requirements for both LIFT Homeownership and LIFT Rental Development guidance.

RULE TEXT:

(1) OHCS may use funds available pursuant to Article XI-Q of the Oregon Constitution for the LIFT Housing Program to acquire, construct, remodel, repair, equip, or furnish qualified property that is or will be owned or operated by the State of Oregon for the purpose of providing affordable housing in Oregon for low-income households. Resources may be used for both construction and permanent financing, as applicable and described in the ORCA for rental and NOFA for homeownership. Eligible uses for resources include initial funding or will be described in the LIFT manuals, NOFA, and ORCA documents. Eligible activities to expand affordable housing include:

(a) New Construction.

(b) Conversion of existing non-residential structures to be used for affordable housing.

(c) Acquisition of like-new market rate affordable rental housing.

(A) Where LIFT resources are used for an acquisition where all units may not have income eligible tenants, all LIFT funded units must convert to units affordable to households earning at or below 60% area median income (AMI) within 36 months of acquisition.

(B) LIFT funding will be released over the 36-month conversion period in equal proportion to the conversion of units to affordable households earning at or below 60% AMI.

(2) Ownership interests in real property acquired by OHCS are documented in ORS 458.485(3).

(3) Operational interests by OHCS are allowable as documented in an Operating Agreement approved by the Oregon Department of Justice.

STATUTORY/OTHER AUTHORITY: ORS 456.515 – 456.725

STATUTES/OTHER IMPLEMENTED: ORS 456.559(1)(f), ORS 458.480-458.490

SUSPEND: 813-135-0035

RULE TITLE: Homeownership Foreclosure Remedies

RULE SUMMARY: This information is now found within the LIFT Homeownership Program Manual.

RULE TEXT:

In order to retain affordability on the maximum number of units on a LIFT homeownership-funded property, OHCS would allow partition of the property in the event of an individual home foreclosure where an eligible home buyer cannot be found to keep the property in compliance with established affordability restrictions.

STATUTORY/OTHER AUTHORITY: ORS 456.515 – 456.725

STATUTES/OTHER IMPLEMENTED: ORS 458.480-458.490

AMEND: 813-135-0040

RULE TITLE: Allocation of Bond Proceeds

RULE SUMMARY: Updating LIFT loan guidance.

RULE TEXT:

(1) OHCS may, to the extent of its authority, allocate bond proceeds to projects selected for funding by the Housing Stability Council.

(2) OHCS shall allocate the funds in compliance with the requirements of the Oregon Constitution, Article XI-Q, ORS 456.559(1)(f) and the rules of this division. Applications will be solicited during specified periods within OHCS's NOFA or ORCA process. OHCS may also select from a pool of qualified applicants, or such other process OHCS deems appropriate. Housing Stability Council may also direct OHCS to use local jurisdiction funding processes to commit funding to projects that otherwise meet programmatic requirements.

(3) OHCS may choose whether to allocate all funds available.

(4) The obligation to repay the LIFT Loan principal shall be satisfied upon repayment in full at maturity. In the alternative, and at the election of the borrower at any time after the initial affordability period, such obligation may be:

(a) Satisfied upon the borrower executing (and where OHCS deems necessary, recording) agreements:

(A) Subjecting the qualified property to an additional affordability period equivalent to the initial level of affordability; and

(B) Ensuring that the equity of the LIFT Loan continues to benefit the qualified project;

(b) Extended beyond the initial maturity date on the condition that:

(A) Substantially equivalent (as determined by OHCS) affordability is maintained through the extended affordability date; and

(B) The equity of the LIFT Loan continues to benefit the qualified project. At the request of the borrower, OHCS also may consider a combination of LIFT Loan repayment, affordability preservation, and loan extension in proportion to the previously identified options.

(5) LIFT Loans may be prepaid provided that affordability is ensured in a manner satisfactory to OHCS. Refer to program manuals for more information.

STATUTORY/OTHER AUTHORITY: ORS 456.515 – 456.725

STATUTES/OTHER IMPLEMENTED: ORS 458.480 - 458.490

AMEND: 813-135-0050

RULE TITLE: Application Requests and Charges

RULE SUMMARY: Updating manual references to include both LIFT Homeownership and LIFT Rental Development guidance.

RULE TEXT:

(1) The process of obtaining LIFT funding will be specified in solicitation documents issued by OHCS. Additional direction and guidance can be found in the LIFT Manuals (See OAR 813-135-0025). OHCS may solicit applications for an allocation of LIFT Housing Program bond proceeds from interested parties when such resources are available.
(2) OHCS may require a non-refundable application charge from any applicant requesting an allocation of LIFT Housing Program bond proceeds.
(3) OHCS may charge the project owner reasonable charges for OHCS's costs of monitoring the project owner's compliance with restrictions established by OHCS. These charges can be found on the OHCS website.
(4) OHCS shall evaluate completed Homeownership applications based on a scoring system established by OHCS and set forth in OHCS's Notice of Funding Availability.
(5) OHCS shall evaluate completed Rental applications through the ORCA process.

STATUTORY/OTHER AUTHORITY: ORS 456.515 – 456.725

STATUTES/OTHER IMPLEMENTED: ORS 458.480 - 458.490

AMEND: 813-135-0060

RULE TITLE: Strategies for Serving Underserved Communities

RULE SUMMARY: Updating manual references to include both LIFT Homeownership and LIFT Rental Development guidance.

RULE TEXT:

In order to reach historically underserved communities, all Applicants must include a detailed information on how the project will provide service to communities of color, as instructed in the LIFT Manuals (See OAR 813-135-0025).

STATUTORY/OTHER AUTHORITY: ORS 458.485 – 458.490

STATUTES/OTHER IMPLEMENTED: ORS 456.559(1)(f)