



The following recommendations were derived from input from Oregon ON members and ratified by the State Policy Council on September 18, 2009. These recommendations express the key concepts and priorities of Oregon ON Members for the rule making for the Housing Opportunities Bill.

Multi-Family: *70% of doc fee funds--approx \$5.25 million in 2010—will go into the General Housing Account to support the development and redevelopment of Multi-Family Rental Housing.*

Oregon ON Concepts and Priorities:

Eligibility - Proposed priorities/eligibility for doc fee in general housing account:

- Pre-development funds eligibility: Project sponsors must be a
 - Nonprofit or housing authority, or
 - a sponsor of a project where average rent restrictions will be restricted to 50% MFI and below.
- Manufactured home parks funds eligibility:
 - Must be an eligible sponsor as per ORS 317.097, which includes nonprofit manufactured home resident cooperatives, nonprofit organizations and housing authorities
- A significant portion of the funds distributed through the CFC should be allocated to households at very low incomes
- Projects receiving funds must adopt affordability periods of 60 years or more.

Uses - Doc Fee funds in the general housing account should fall into two categories:

1. Competitive pool distributed through CFC, with eligible uses including (70% of 70%)
 - Capital Gap (53% of 70%)
 - Capital gap financing for new and existing restricted projects (projects that have rent restrictions from OHCS or other jurisdictions including LIHTC, Trust funds, Weatherization funds, OAHTC, HOME, CDBG, etc.)
 - Operating Gap (17% of 70%)
 - New pool of sponsor-directed funds tied to existing, restricted projects serving low income households (see concept explained in greater detail below)
2. Pre-Development and Manufactured Home Funds distributed outside of CFC (30% of 70%)
 - Pre-development activities including acquisition (see concept explained in greater detail below)

- Gap financing the purchase/rehabilitation of manufactured home parks

Allocation breakdown

Major categories	Within category	% of Total funds	Est \$ for 2010
Competitive pool through CFC	Capital Gap	53%	\$2.78 million
	Operating Gap	17%	\$.90 million
Pre-Dev Funds and Manufactured Home Pool		30%	\$1.57 million

Specific recommendations for Pre-Development Funds

Three categories: Traditional Pre-Development, Acquisition and Rehab Feasibility Studies

- Pre-Dev Loan: Runs like current OHCS pre-dev funds (may be unsecured), except
 - If loan under \$50K, forgivable if project does not proceed
- Acquisition (secured) Loan: Leverage state funds on acquisition (real estate purchase and development costs only) loans by creating a corpus as a loan guarantee that would apply to the top 25% of their pre-development/acquisition loan on worthy projects that would not likely otherwise receive a loan.
 - Loans up to \$1,500,000
 - Loan term increased 3-5 years
 - Sponsors would have to receive a “guarantee award” from OHCS before they shop for a lender, with a 60 day expiration.
- Rehab Feasibility Study: Have pre-dev grants for feasibility studies for needed rehab for YR 15 or other preservation projects.

Specific recommendations for Operating Gap Program

Based on the Washington State Operating & Maintenance (O&M) Program

- Budget Gap Funding: Awards would be used to fill the gap between eligible operating (including resident services – see below) and maintenance costs and project income. Funds will be awarded only in amounts appropriate to the scope of the identified problem, as determined by review of the application.
 - Resident Services: Allow resident services as an eligible operating cost of at least \$300/unit for those projects that were required to provide it but were not underwritten to include resident services as an above the line expense.
- Rent Buy-Down: a program that lowers the rent level for targeted units then covers the difference in rent from the contracted level and the reduced level.
- One Time Reserves: a program that provides one-time funding to a project for deposit into the project’s operating or replacement/maintenance reserve account.