OREGON HOUSING and COMMUNITY SERVICES
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DIVISION 37 – Land Acquisition Program
Rules Advisory Committee Meeting Agenda
Tuesday, November 10, 2026
1:00 p.m.

Teams Meeting Link: https://events.gcc.teams.microsoft.com/event/4f0a95eb-cf34-4cd3-86f9-6e82bcf76aed@aa3f6932-fa7c-47b4-a0ce-a598cad161cf

Rules Advisory Committee Members

1. Shauna Childress, Northwest Coastal Housing
2. Scott Nordquist, Bend-Redmond Habitat for Humanity
3. Meeka Cisneros, Bienestar
4. Carmen Fernandez, Farmworker Housing Development Corporation (FHDC)
5. Erik Pattison, Network for Affordable Housing (NOAH)

Meeting Objectives:

- Conduct Rules Advisory Committee with a diverse group of individuals who are directly impacted by the Land Acquisition Program.
- To create space to uncover different perspectives that can inform the implementation of the Land Acquisition Program and gather feedback about the potential impacts as required by state rules development process.

Agenda

I. Welcome and Introductions
II. Review proposed amendments to the Land Acquisition Program rules.
III. Opportunity to review and improve the drafted Economic and Fiscal Impact Statements
IV. Next Steps
V. Adjournment

Process Agreements for Rules Advisory Committee

This is intended to be a creative, brave space where we can think about how best to serve Oregonians with this rule change to remove barrier to access housing resources. To accomplish this, participants are asked to respect the following process agreements:

- Help foster an inclusive environment
- Stay engaged
- Speak your truth responsibly
- Listen to Understand
- Be willing to do things differently and experience discomfort
- Expect and accept non-closure

Rules Advisory Committee (RAC) Fact Sheet

OREGON HOUSING and COMMUNITY SERVICES

Purpose of RAC:

The RAC may be used to draft and vet rule language and programmatic decisions; however, it is a requirement, if a RAC is convened, they must review the drafted impact statements.

RAC's Role:

- The RAC's role is advisory, and consensus is not necessary.
- RAC members will not be compensated for serving on a RAC.
- RAC members will review proposed rule amendments and impact statements.
- RAC members are encouraged to actively participate in the discussions.
- Attend a 60–90 minute RAC meeting. If the RAC does not complete the discussion within the allotted time, a second RAC meeting may be scheduled to finalize recommendations. OHCS will make every effort to facilitate the meeting to avoid scheduling a second meeting.

What to Expect:

1. Each RAC member shall represent a different area of the impacted community.
2. RAC members can have many levels of lived experience and professional education, all levels of experience can benefit our engagement spaces. RAC members are encouraged to actively participate in the discussions.
3. If the proposed rule amendment has been initiated by legislative change, the legislator that sponsored the bill is required to be invited to be on the RAC.
4. Everyone is welcome to attend the RAC meeting. However, only RAC members may participate in the discussion. All others attending the meeting may provide written comments during the public comment period or oral comments during the public hearing.



OFFICE OF THE SECRETARY OF STATE
TOBIAS READ
SECRETARY OF STATE

MICHAEL KAPLAN
DEPUTY SECRETARY OF STATE

ARCHIVES DIVISION
STEPHANIE CLARK
DIRECTOR

800 SUMMER STREET NE
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TEMPORARY ADMINISTRATIVE ORDER

INCLUDING STATEMENT OF NEED & JUSTIFICATION

OHCS 28-2026

CHAPTER 813

OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT

FILED: 09/21/2026 8:43 AM

ARCHIVES DIVISION SECRETARY OF STATE & LEGISLATIVE COUNSEL

FILING CAPTION: Amending the LAP Rules to reflect program updates and integration of the ORR.

EFFECTIVE DATE: 09/21/2026 THROUGH 03/19/2027

AGENCY APPROVED DATE: 09/17/2026

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Filed By:
Glenn Muna
Rules Coordinator

NEED FOR THE RULE(S):

Update needed for the integration of Oregon Rural Rehabilitation (ORR) funding in addition to standard timing for Program Manual updates to reflect program alignment with the department mission, standards, and legislative intent.

JUSTIFICATION OF TEMPORARY FILING:

Updates to the Land Acquisition Program rules are necessary via temporary rules to allow stakeholders to participate in the rule filing process and provide critical feedback on the proposed updates. No stakeholders will be affected by not filing these rules immediately. Failing to file temporary rules creates barriers to stakeholder feedback integration.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:

LAP Manual located on the Oregon Housing and Community Services (OHCS) website at:
https://www.oregon.gov/ohcs/development/Pages/land-acquisition-revolving-loan.aspx

HOUSING IMPACT STATEMENT:

These rules do not affect the cost of development of a 6,000 square foot parcel and the construction of a 1,200 square

foot detached single-family dwelling on that parcel.

RULES:
813-015-0001, 813-015-0006, 813-015-0011, 813-015-0016, 813-015-0021, 813-015-0026, 813-015-0031, 813-015-0035, 813-015-0040, 813-015-0045, 813-015-0050, 813-037-0005, 813-037-0010, 813-037-0012, 813-037-0015, 813-037-0020, 813-037-0025, 813-037-0030, 813-037-0035, 813-037-0040

SUSPEND: 813-015-0001

RULE SUMMARY: Suspending rules to close out ORR program and transition funds to LAP.

CHANGES TO RULE:

~~813-015-0001~~
~~General Purpose~~
~~OAR chapter 813, division 15, is promulgated to accomplish the general purpose of ORS 456.515 to 456.725 and 566.310 to 566.360, specifically 566.340, which authorizes the Department to make funds available to provide housing or related facilities for Farmworkers. The objective of the Oregon Rural Rehabilitation (ORR) Program is to provide financial assistance in the form of ORR Loans to Eligible Borrowers for the construction, acquisition and/or rehabilitation of housing for Farmworkers and their families, thereby expanding the supply of affordable, decent and safe housing for Farmworkers and their families in Oregon.~~
~~Statutory/Other Authority: ORS 456.515 - 456.725~~
~~Statutes/Other Implemented: ORS 456.515 - 456.725, 566.310 - 566.360~~

SUSPEND: 813-015-0006

RULE SUMMARY: Suspending rules to close out ORR program and transition funds to LAP.

CHANGES TO RULE:

~~813-015-0006~~
~~Definitions~~
~~All words and terms used in OAR chapter 813, division 15, are defined in ORS 456.515 to 456.725, 566.310 to 566.360 and as provided in 813-005-0005 and herein. As used in these rules, unless the context indicates otherwise:¶~~
~~(1) "Eligible Project" means the acquisition, construction and/or rehabilitation of housing or related facilities which shall be primarily occupied by Farmworkers who, in the last 12 calendar months have, at a minimum, earned fifty percent (50%) of their income or worked fifty percent (50%) of their time in agriculture or aquaculture.¶~~
~~(2) "Farmworker" means any person working in connection with cultivating soil, raising or harvesting any agricultural or aquacultural commodity as further described in OAR 813-039-0010(6).¶~~
~~(3) "Fund" means the Oregon Rural Rehabilitation (ORR) Fund.¶~~
~~(4) "Nonprofit Housing Corporation" means an organization formed under ORS chapter 65 that has been organized exclusively to provide housing facilities as further described in ORS 456.615(14).¶~~
~~(5) "ORR Loan" means a loan by the Department to finance a Farmworker housing project as part of the Oregon Rural Rehabilitation Loan Program.~~
~~Statutory/Other Authority: ORS 456.515 - 456.725~~
~~Statutes/Other Implemented: ORS 456.515 - 456.725, 566.310 - 566.360~~

SUSPEND: 813-015-0011

RULE SUMMARY: Suspending rules to close out ORR program and transition funds to LAP.

CHANGES TO RULE:

~~813-015-0011~~
~~Eligibility for Funding~~
~~Subject to the availability of Funds and limitations otherwise prescribed by law, the Department may provide funding in the form of ORR Loans to Eligible Borrowers for Eligible Projects.¶~~
~~(1) The Department may make ORR Loans to Eligible Borrowers under the terms and conditions as set forth in the Program rules and Program loan application.¶~~
~~(2) Program criteria includes but is not limited to:¶~~
~~(a) The Eligible Borrower shall provide a complete Program loan application, as determined by the Department.¶~~
~~(b) The Eligible Project may be new construction, acquisition and/or rehabilitation, multiple homeownership or multi-family rental housing with a minimum of two (2) units.¶~~
~~(c) The ORR Loan may be in a first or junior lien position provided there is one-hundred percent (100%) or greater security of the ORR Loan for the full term, as determined by the Department.¶~~
~~(d) The ORR Loan shall not exceed 35 percent (35%) of the Eligible Project costs or $100,000; whichever is less, except upon a finding by the Department that special circumstances justify a greater amount at the discretion of the Director.¶~~
~~(e) Eligible Borrowers include Nonprofit Housing Corporations, for profit or governmental entities that are developers of affordable Farmworker housing.¶~~
~~(f) The Eligible Project must be used primarily as Farmworker housing with related support services, as further defined in Division 813-015-0006.~~
~~Statutory/Other Authority: ORS 456.515 - 456.725~~
~~Statutes/Other Implemented: ORS 456.515 - 456.725, 566.310 - 566.360~~

SUSPEND: 813-015-0016

RULE SUMMARY: Suspending rules to close out ORR program and transition funds to LAP.

CHANGES TO RULE:

~~813-015-0016~~
~~Availability and Source of Funds~~
~~(1) The Department may provide funding, subject to the availability of Funds through a process which may include, but is not limited to, a first come-first reviewed process or a competitive review process.¶~~
~~(2) The Oregon Rural Rehabilitation (ORR) Program is funded by monies realized from an agreement between the State of Oregon and the Secretary of Agriculture of the United States. The ORR fund was originally established following the Depression as part of New Deal efforts to stabilize the agricultural economy and strengthen rural communities. For many years the funds were administered by the federal government and the Oregon Rural Rehabilitation Corporation. The State Land Board became the successor to the Oregon Rural Rehabilitation Corporation in 1953. In 1975 an agreement was signed between the Division of State Lands and the U.S. Department of Agriculture, Farmers Home Administration, for administration of the ORR fund. In 1994 the Oregon Legislative Assembly transferred the ORR Program from the Division of State Lands to Oregon Housing and Community Services (OHCS). Since 1994, OHCS has operated the ORR fund as a revolving loan account.~~
~~Statutory/Other Authority: ORS 456.515 - 456.725~~
~~Statutes/Other Implemented: ORS 456.515 - 456.725, 566.310 - 566.360~~

SUSPEND: 813-015-0021

RULE SUMMARY: Suspending rules to close out ORR program and transition funds to LAP.

CHANGES TO RULE:

~~813-015-0021~~
~~Program Loan Terms~~
~~(1) The term of an ORR Loan may be up to, but shall at no time exceed, ten (10) years without prior written approval by the Department.¶~~
~~(2) Interest shall accrue at a per annum rate not exceeding one percent (1%) made to an Eligible Borrower who is a Nonprofit Housing Organization, and at a per annum rate not exceeding three percent (3%) made to any other Eligible Borrower.¶~~
~~(3) The Department will notify the Eligible Borrower of the type of funding, if any, to be provided and the terms and conditions of the ORR Loan in the form of a Commitment letter. The Commitment letter shall be executed by the Eligible Borrower prior to any advance of funds or contractual agreements are signed.¶~~
~~(4) The terms and conditions that may be contained in the Commitment letter may include, but are not limited to:¶~~
~~(a) The approved amount of the ORR Loan;¶~~
~~(b) The charges and premiums that are due and payable;¶~~
~~(c) The interest rate;¶~~
~~(d) The repayment terms;¶~~
~~(e) The Loan Documents to be executed by the Eligible Borrower;¶~~
~~(f) Performance criteria; and,¶~~
~~(g) Reporting criteria.¶~~
~~(3) If during the term of the ORR Loan, the Eligible Borrower does not comply with the terms and conditions of the Commitment letter and Loan Documents, the Department may, upon written notice to the Eligible Borrower, immediately revoke approval of the use of the Funds, terminate any Commitment to provide funding and/or demand repayment of all or a portion of the Funds advanced, if any.~~
~~Statutory/Other Authority: ORS 456.515 - 456.725~~
~~Statutes/Other Implemented: ORS 456.515 - 456.725, 566.310 - 566.360~~

SUSPEND: 813-015-0026

RULE SUMMARY: Suspending rules to close out ORR program and transition funds to LAP.

CHANGES TO RULE:

~~813-015-0026~~
~~Loan Security~~
~~Not withstanding any other provision contained in the Program rules, the Department will not disburse funds for an ORR Loan until:¶~~
~~(1) The Eligible Borrower has provided adequate verification, satisfactory to the Department, which determines the value of the security.¶~~
~~(2) The ORR Loan is secured by a fully executed trust deed note and other appropriate Loan Documents as determined by the Department.¶~~
~~(3) The trust deed is recorded and is in an acceptable lien position, as determined by the Department.¶~~
~~(4) The Eligible Borrower has satisfied all conditions contained in the Commitment letter.~~
~~Statutory/Other Authority: ORS 456.515 - 456.725~~
~~Statutes/Other Implemented: ORS 456.515 - 456.725, 566.310 - 566.360~~

SUSPEND: 813-015-0031

RULE SUMMARY: Suspending rules to close out ORR program and transition funds to LAP.

CHANGES TO RULE:

~~813-015-0031~~
~~Application Requirements~~
~~An Eligible Borrower shall submit, in form and in accordance with a process prescribed by the Department, information which includes but is not limited to:¶~~
~~(1) Completion of the prescribed Program loan application accompanied by the application charge as determined by the Department.¶~~
~~(2) The prescribed Program loan application may include, but is not limited to:¶~~
~~(a) A written description of the Eligible Project, including the number of units, proposed rents, site location, the proposed program of services for residents and the availability of those services in the future, Eligible Project amenities, and any other information pertinent to the Eligible Project;¶~~
~~(b) A proforma of the Eligible Project's operating budget, sources of funding, and development budget;¶~~
~~(c) The amount of Funds requested;¶~~
~~(d) A description of the experience of the Eligible Borrower, consultant, property manager, general contractor, and other members of the development team as requested by the Department;¶~~
~~(e) Adequate verification of value for the collateral offered as security for the ORR Loan;¶~~
~~(f) A financially viable repayment plan that meets the Program loan terms; and¶~~
~~(g) Such other information and documentation as prescribed in the Program loan application and as the Department may require.¶~~
~~(3) The Department may require a non-refundable application charge from any Eligible Borrower requesting an ORR Loan.¶~~
~~(4) The Department may require a non-refundable loan commitment charge payable at the time of loan closing or after acceptance of the Commitment Letter, as determined by the Department.~~
~~Statutory/Other Authority: ORS 456.515 - 456.725~~
~~Statutes/Other Implemented: ORS 456.515 - 456.725, 566.310 - 566.360~~

SUSPEND: 813-015-0035

RULE SUMMARY: Suspending rules to close out ORR program and transition funds to LAP.

CHANGES TO RULE:

~~813-015-0035~~
~~Application Review and Processing Procedures~~
~~(1) The Department will review Program loan applications upon their appropriate delivery subject to, but not limited to:¶~~
~~(a) Applications being complete and consistent with Department and Program requirements, guidelines and policy standards.¶~~
~~(2) ORR Loans not exceeding $100,000 may be approved by the Department. Any ORR Loan exceeding $100,000 must be approved by the Housing Stability Council.¶~~
~~(3) After consideration of the proposal, the Department will approve or disapprove the ORR Loan request or take other appropriate action.¶~~
~~(4) The Eligible Borrower will be notified in writing of the Department's decision.¶~~
~~(5) If a ORR Loan request is approved, the Department will issue a Commitment letter containing the terms and conditions on which the Department will close the ORR Loan.¶~~
~~(6) In approving or disapproving any ORR Loan application, the Department may consider, but is not limited to, the following criteria:¶~~
~~(a) Availability of Program Funds;¶~~
~~(b) Ability to leverage public or private funds;¶~~
~~(c) Geographic area affected;¶~~
~~(d) Number and type of housing units to be provided or the number of Farmworkers to be housed;¶~~
~~(e) Financial strength and viability of the proposed Eligible Project;¶~~
~~(f) Experience of the development team;¶~~
~~(g) The development team's readiness to proceed with development;¶~~
~~(h) The proposed repayment plan;¶~~
~~(i) The value of the security offered as collateral; and¶~~
~~(j) Administrative costs and/or responsibilities imposed on the Department in connection with the proposed Funding.¶~~
~~(7) ORR Loan funds will be disbursed upon the Eligible Borrower executing the Commitment letter, satisfying all pre-closing conditions contained in the Commitment letter, and execution of the Loan Documents.~~
~~Statutory/Other Authority: ORS 456.515 - 456.725~~
~~Statutes/Other Implemented: ORS 456.515 - 456.725, 566.310 - 566.360~~

SUSPEND: 813-015-0040

RULE SUMMARY: Suspending rules to close out ORR program and transition funds to LAP.

CHANGES TO RULE:

~~813-015-0040~~
~~Transfer of Ownership~~
~~(1) An Eligible Borrower who has received an ORR Loan shall not transfer ownership, lease, or otherwise encumber any property which serves as security for a ORR Loan without prior written consent from the Department. Consent will not be unreasonably withheld.¶~~
~~(2) A transfer of ownership means a sale, conveyance or other transfer of:¶~~
~~(a) Any interest of a general partner;¶~~
~~(b) Any interest in a joint venture;¶~~
~~(c) More than twenty-five percent (25%) of the limited partner's interest;¶~~
~~(d) More than ten percent (10%) of a corporate owner's interest; or¶~~
~~(e) Any individual interest when the ownership is not a limited partnership, joint venture or corporation.¶~~
~~(3) The Department may collect from the Eligible Borrower a transfer processing charge of 1% of the current ORR Loan balance with a minimum of $100 and a maximum of $1,000, plus any incurred Department of Justice charges or other legal costs incurred.~~
~~Statutory/Other Authority: ORS 456.515 - 456.725~~
~~Statutes/Other Implemented: ORS 456.515 - 456.725, 566.310 - 566.360~~

SUSPEND: 813-015-0045

RULE SUMMARY: Suspending rules to close out ORR program and transition funds to LAP.

CHANGES TO RULE:

~~813-015-0045~~
~~Equal Opportunity~~
~~No person receiving Program Funding under OAR chapter 813, division 15, shall make any distinction or restriction or discriminate against any purchaser, occupant or lessee, or prospective purchaser, occupant or lessee, relating to the sale, rental, lease or occupancy of real property, because of race, color, creed, sex, marital status or national origin.~~
~~Statutory/Other Authority: ORS 456.515 - 456.725~~
~~Statutes/Other Implemented: ORS 456.515 - 456.725, 566.310 - 566.360~~

SUSPEND: 813-015-0050

RULE SUMMARY: Suspending rules to close out ORR program and transition funds to LAP.

CHANGES TO RULE:

~~813-015-0050~~
~~Waiver~~
~~The Department may waive or modify any requirements of OAR 813, division 015, unless such waiver or modification would violate applicable federal or state statures or regulations.~~
~~Statutory/Other Authority: ORS 456.515 - 456.725~~
~~Statutes/Other Implemented: ORS 456.515 - 456.725, 566.310 - 566.360~~

AMEND: 813-037-0005

RULE SUMMARY: Updating the LAP rules to include the use of the Oregon Rural Rehabilitation program (ORR) funds to fund Rural/Affordable Rental Housing projects under the LAP program.

CHANGES TO RULE:

813-037-0005
Purpose and Objectives
OAR Chapter 813, Division 37 is established to enact the Affordable Housing Land Acquisition Revolving Loan Program or Land Acquisition Program (LAP) as authorized in ORS 456.502. LAP is also subject to OHCS's general rules, including but not limited to OAR chapter 813, division 5, and subject to OHCS's general procedures for public contracts and procurements found in OAR chapter 813, division 6. The purpose of LAP is to provide financial assistance to eligible organizations to purchase land for affordable housing development.
Statutory/Other Authority: ORS ~~456.502~~183.333
Statutes/Other Implemented: ORS 456.502

AMEND: 813-037-0010

RULE SUMMARY: Updating the LAP rules to include the use of the Oregon Rural Rehabilitation program (ORR) funds to fund Rural/Affordable Rental Housing projects under the LAP program and include update rural/suburban definitions in alignment with ORCA.

CHANGES TO RULE:

813-037-0010
Definitions
The following words and terms have the following meanings unless the context would clearly indicate otherwise./¶
(1)-/"Affordable Housing"-/means housing that is affordable to households with incomes less than or equal to 80 percent of the area median income for the county in which the housing is built.-¶
(2) "Current Market Rate" means the ten- year constant treasury maturity year rate, as determined at the time the individual loan is closed upon, plus two- and one-. half percent.¶
(3) "Department" means the Oregon Housing and Community Services Department./¶
(4) "Eligible Organization" means local governments, local housing authorities, nonprofit community or neighborhood-based organizations, federally recognized Indian tribes in ~~Oregon~~this state and regional or statewide nonprofit housing assistance organizations./¶
(~~4~~5) "Eligible Purpose" means the development of affordable housing and/or facilities intended to provide supportive services to affordable housing residents and low-. income households in the nearby community./¶
(~~5~~6) "Extenuating Circumstances" means extreme or unusual conditions that resulted in an inability to repay the loan and that were unknowable at the time of the loan.-/¶
(~~6~~7) "Identity of Interest" means any relationship where the purchaser and seller are related, affiliated through a business relationship, or both.~~¶~~
~~(7) "Land Acquisition Revolving Loan Program Manual" or "LAP Manual" or "Manual" means the program manual for the Land Acquisition Revolving Loan Program, as described in OAR 813-037-0012.~~ ¶
(8) "Loan Recipient" means the eligible organization that has applied for and received financial assistance under the LAP./¶
(9) "Local Government" means a county, city, district or other public corporation, commission, authority, or entity organized and existing under statute or city or county charter./¶
(10) "Low Income Household" ~~means a household with income less than or equal to 80 percent of the area median income as defined in ORS 456.270.~~has the meaning given in/ORS 456.270 (Definitions for ORS 456.270 to 456.295).¶
(11) Metro: Census tracts within the Portland Tri-County area (Clackamas, Multnomah, Washington counties). ¶
(12) Non-Metro Urban: Census tracts with more than 480 housing units per square mile within a Metro County as defined by the National Center for Health Statistics (NCHS), not in the Portland Tri-County area. ¶
(13) "ORR-LAP" means a loan by the Department to finance land acquisition for an Affordable Rental Housing project in a rural area as part of the Oregon Rural Rehabilitation Program. ¶
(14) "ORR-LAP Loan" means a loan by OHCS to finance land acquisition for the construction of affordable rental housing in rural Oregon as part of the Oregon Rural Rehabilitation Land Acquisition Program. This loan type and loan criteria remains consistent with all other LAP loan award determination and oversight criteria. ¶
(15) Rural: Census tracts with less than 64 housing units per square mile, not in a large central metro county as defined by NCHS. ¶
(1~~1~~6) "Substantially Completed" means that ~~OHCS~~the Department has determined that enough project milestones have been achieved to reasonably conclude that additional time will result in LAP compliance./ ¶
(17) Suburban or Small City: Census tracts with more than 64, less than 480 housing units per square mile, not in a large central Metro County OR an Urban Tract in a Micropolitan/Rural County as defined by NCHS.
Statutory/Other Authority: ORS ~~456.502~~183.333
Statutes/Other Implemented: ORS 456.502, ORS 456.270

AMEND: 813-037-0012

RULE SUMMARY: Updating the LAP rules to include the use of the Oregon Rural Rehabilitation program (ORR) funds to fund Rural/Affordable Rental Housing projects under the LAP program.

CHANGES TO RULE:

813-037-0012
Land Acquisition Revolving Loan Program Manual
(1) Additional guidance and application instructions are outlined in the LAP Manual dated ~~March~~July 202~~2~~6, incorporated into, and adopted as part of this division of administrative rules by reference. ¶
(2) The manual may be accessed online at OHCS's website. ¶
(3) ORR-LAP is subject to the LAP Manual dated July 2026
Statutory/Other Authority: ORS ~~456.502~~183.333
Statutes/Other Implemented: ORS 456.502

RULE ATTACHMENTS MAY NOT SHOW CHANGES. PLEASE CONTACT AGENCY REGARDING CHANGES.

NOTE: Attachments referenced are attached to this document. You may view the attachment 813-037-0012.pdf from the Attachments panel. Alternately, you may view the attachments at the following link: https://secure.sos.state.or.us/oard/viewAttachment.action?ruleVrsnRsn=324892

AMEND: 813-037-0015

RULE SUMMARY: Updating the LAP rules to include the use of the Oregon Rural Rehabilitation program (ORR) funds to fund Rural/Affordable Rental Housing projects under the LAP program.

CHANGES TO RULE:

813-037-0015
Availability and Source of Affordable Housing Land Acquisition Revolving Loan Program (LAP) Funds
(1) The Affordable Housing Land Acquisition Revolving Loan Program or Land Acquisition Program (LAP) was initially funded by repurposing funds already in OHCS's funding stream. Once moved to the LAP, the repurposed funds are to be continuously used for the LAP allowing for eligible organizations to reserve land assets for eligible purposes. Additional guidance can be found in the LAP Manual, July 2026.¶
(2) Any additional funding may be targeted towards specific needs within the state, provided that all funding sources will be used for eligible purposes and in a manner consistent with the established program criteria.¶
(3) The Oregon Rural Rehabilitation Land Acquisition Program as outlined in Chapter 813 Division 15, is a set aside within the Land Acquisition program and is funded with leftover monies from the original Oregon Rural Rehabilitation Corporation. Since 1994, OHCS has operated the ORR fund as a revolving loan account in accordance with the original charter of the Oregon Rural Rehabilitation Corporation.¶
(4) ORR loans made under the previous iteration of the ORR program will be required to repay outstanding loan amounts in accordance with the signed and recorded legal documents executed at the time of loan closing.
Statutory/Other Authority: ORS ~~456.502~~183.333
Statutes/Other Implemented: ORS 456.502

AMEND: 813-037-0020

RULE SUMMARY: Updating the LAP rules to include the use of the Oregon Rural Rehabilitation program (ORR) funds to fund Rural/Affordable Rental Housing projects under the LAP program.

CHANGES TO RULE:

813-037-0020
Program Criteria
(1) The LAP is overseen by OHCS. At OHCS's discretion, OHCS may utilize a qualifying nonprofit organization to serve in a fiduciary capacity as a "program administrator."¶
(2) OHCS or their program administrator, with OHCS's approval, may provide loans to eligible organizations to purchase land on which to develop affordable housing, and to build facilities intended to provide supportive services to affordable housing residents and low-income households in the community.¶
(3) 40 percent of loans made through the LAP shall go to eligible organizations operating homeownership programs for low-income households. If the entire 40 percent cannot be loaned for homeownership programs, the remainder may be loaned for programs eligible in subsection (4) of this rule. Additional guidance can be found in the LAP Manual.¶
(4) 60 percent of loans, plus any funding that was unable to be used for homeownership purposes as described in subsection (3) of this rule, shall be made available to eligible organizations for the purpose of affordable housing and to build facilities intended to provide supportive services to affordable housing residents and low-income households in the community. Additional guidance on allocations and set-asides can be found in the LAP Manual.¶
(5) Subject to available funding, LAP loans shall be made available in a manner consistent with the current application process as issued by OHCS.¶
(6) The ORR-LAP criteria include but is not limited to: ¶
(a) ORR-LAP loan is exempt from 813-037-0020 subsections (3) and (4), but will follow all other LAP program requirements. ¶
(b) ORR-LAP funds must be used only for land acquisition for the purposes of affordable rental housing construction in rural Oregon and will continue to recycle independently of the above LAP resources.¶
(c) The ORR Loan may be used to support land acquisition for affordable Rental housing projects in rural areas, as defined in the LAP Manual.¶
(d) ORR -LAP funds shall not be used to support urban housing projects or any project that includes homeownership components.¶
(e) Eligible rental projects must demonstrate alignment with LAP program goals in underserved rural communities.
Statutory/Other Authority: ORS ~~456.502~~183.333
Statutes/Other Implemented: ORS 456.502

AMEND: 813-037-0025

RULE SUMMARY: Updating the LAP rules to include the use of the Oregon Rural Rehabilitation program (ORR) funds to fund Rural/Affordable Rental Housing projects under the LAP program.

CHANGES TO RULE:

813-037-0025
Application Procedure Requirements
(1) The process of obtaining LAP funding will be specified in solicitation documents issued by OHCS, as supplemented by the LAP ~~M~~manual. Additional directions and guidance can be found in the LAP ~~M~~manual, dated July 2026.¶
(2) OHCS may require payment of a non-refundable application charge from any applicant requesting LAP funds. If the application is not considered due to a lack of funding availability, the application charge will be returned.¶
(3) OHCS may refuse to process applications or terminate processing the application if it determines that an application is incomplete or otherwise nonconforming (see LAP ~~M~~manual) or if the applicant fails to meet the definition of an eligible organization.¶
(4) Property already purchased or donated is not eligible for LAP funding.¶
(5) Property with a cost reimbursement agreement is not eligible for LAP funding.¶
(6) Property purchased from an entity with an Identity of Interest to the buyer is not eligible for LAP funding. See LAP ~~M~~manual for additional information.¶
(7) Property with option agreements or purchase sale agreements are allowed to apply for LAP provided they were signed less than 12 months prior to their initial application date. ¶
(8) Property designated for renovation is not eligible for LAP funding. Exceptions may be allowed for incidental buildings on a case-by-case basis (for example, a maintenance or storage shed).¶
(9) Property purchased may not be resold to a for-profit entity for development without OHCS prior authorization while affordability restrictions are still in place.
Statutory/Other Authority: ORS ~~456.502~~183.333
Statutes/Other Implemented: ORS 456.502

AMEND: 813-037-0030

RULE SUMMARY: Updating the LAP rules to include the use of the Oregon Rural Rehabilitation program (ORR) funds to fund Rural/Affordable Rental Housing projects under the LAP program.

CHANGES TO RULE:

813-037-0030
Award Determination
(1) There is no maximum loan amount on LAP loans; however, LAP is not intended to cover 100 percent of site acquisition costs. The amount of any LAP loan is subject to the discretion of OHCS considering factors that may include, but are not limited to:¶
(a) the availability of LAP funds;¶
(b) the availability of other funding to the applicant;¶
(c) the amount of affordable housing to be developed in relation to the size of the loan;¶
(d) the timing of the proposed development;¶
(e) the capacity and past performance of the applicant in developing and managing affordable housing; and.¶
(f) the need for affordable housing in the area.¶
(2) OHCS shall be in the first lien position on all property loan documents.¶
(3) Loan applications must include development plans as described in ORS 456.502(4).¶
(4) Subject to the placement of appropriate affordable housing into service on the land acquired by the LAP loan within eight years of the loan's receipt, LAP loans will have a simple interest rate of not more than one percent if all loan terms and regulatory requirements are met. Collection costs, late fees, interest upon accelerated payments due to an event of default and post-judgment interest are not subject to the one percent limitation.¶
(5) Subject to the placement of appropriate affordable housing into service on the land acquired by the LAP loan within eight years of the loan's receipt, LAP loan fees, if applicable, will not exceed one percent if all loan terms and regulatory requirements are met. Collection costs, late fees, interest upon accelerated payments due to an event of default and post-judgment interest are not subject to the one percent limitation.¶
(6) All loans will include documents listing the Current Market Rate of the loan payable in the event of a loan default.¶
(7) All housing developed on the property acquired with LAP funding shall be preserved as affordable housing for a minimum of 30 years. The affordability restrictions shall be documented through documents acceptable to OHCS including, but not limited to, restrictive covenants, recorded at the loan recipient's expense against the property acquired with LAP funding.¶
(8) Loan payments may be deferred by OHCS. However, repayment shall begin no later than when the project financing has closed. Loan documents must be satisfactory to OHCS in its sole discretion. Loan recipients must reimburse OHCS for its legal costs in negotiating terms of applicable loan documents.¶
(9) To ensure equitable distribution of limited funds, OHCS limits partners to having two open Land Acquisition loans at any given time. To apply for additional loans from the LAP program, at least one open loan must be repaid prior to submitting a new intake.
Statutory/Other Authority: ORS ~~456.502~~183.333
Statutes/Other Implemented: ORS 456.502

AMEND: 813-037-0035

RULE SUMMARY: Updating the LAP rules to include the use of the Oregon Rural Rehabilitation program (ORR) funds to fund Rural/Affordable Rental Housing projects under the LAP program.

CHANGES TO RULE:

813-037-0035
Loan & Project Oversight
(1) Within five years of receiving a loan, a loan recipient must present ~~OHCS~~the Department with an updated development plan if the development has not been completed and placed into service.¶
(a) The development plan must include a current development design, committed, and anticipated financial resources dedicated to the project, and an estimated development schedule that includes completion of the project within eight years.¶
(b) The updated development plan must be substantially consistent with the original development plan.¶
(2) Within eight years of receiving a loan under the LAP, the project must be completed and placed into service, or the loan interest rate limit will be reestablished at the current market rate. Failure to place a project in service within eight years of receiving a loan under LAP may also be deemed by ~~OHCS~~the Department to be an event of default.
Statutory/Other Authority: ORS ~~456.502~~183.333
Statutes/Other Implemented: ORS 456.502

AMEND: 813-037-0040

RULE SUMMARY: Updating the LAP rules to include the use of the Oregon Rural Rehabilitation program (ORR) funds to fund Rural/Affordable Rental Housing projects under the LAP program.

CHANGES TO RULE:

813-037-0040
Program or Loan Default
(1) ~~OHCS~~The Department may deem an LAP loan to be in default when one or more of the following events occur:¶
(a) A loan recipient does not place appropriate affordable housing into service on a property acquired under this section within eight years of receiving ~~OHCS~~Department's LAP funding.¶
(b) The property is not used for an eligible purpose as determined by ~~OHCS~~the Department.¶
(c) Loan repayment is not made as required under the loan agreement.¶
(d) A loan recipient does not provide an updated development plan to ~~OHCS~~the Department within five years of receiving a loan. ¶
(e) The loan recipient otherwise fails to perform in a manner consistent with the LAP or applicable loan documents.¶
(2) If a loan recipient fails to place appropriate affordable housing into service in conformance with subsection (1)(a) or when a loan or LAP default otherwise occurs, the loan recipient must pay ~~OHCS~~the Deparment an amount consistent with the principal of the original loan plus compounded interest calculated at the current market rate. Loan fees and other costs may also apply. Notwithstanding the foregoing, ~~OHCS~~the Department may, in its sole discretion, grant a partial or total exemption from the repayment requirements of this section if ~~OHCS~~the Department determines that a project is Substantially Completed or that the property has been substantially used as described in the original affordable housing development plan. When determining whether to grant a partial or total exemption under this section, ~~OHCS~~the Department may consider factors including, but not limited to, Extenuating Circumstances, community need and project specific circumstances.
Statutory/Other Authority: ORS ~~456.502~~183.333
Statutes/Other Implemented: ORS 456.502

Affordable Housing Land Acquisition Revolving Loan Program (LAP)

Revised: July 2026

OREGON HOUSING and COMMUNITY SERVICES

Program Manual

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Program Description

Introduction

The Affordable Housing Land Acquisition Revolving Loan Program ("LAP") exists in statute[1] to assist eligible organizations in Oregon to purchase bare land for affordable housing development. Eligible organizations are defined in statute as the following:

- Local governments
- Local housing authorities
- Nonprofit community or neighborhood-based organizations
- Federally recognized Indian tribes in Oregon
- Regional or statewide nonprofit housing assistance agencies

Successful loan recipients will demonstrate sound experience and strong development capacity. LAP is a revolving loan program intended to assist with site acquisition for eventual use as affordable housing; LAP is not a short-term acquisition bridge financing program. Receipt of a LAP loan does not guarantee future OHCS funding awards.

The intent of the program is to respond quickly to the needs of applicants to secure sites as they become available in markets where there is an urgent need for affordable housing, and there is competition for limited developable land.

Disclosure

Materials and information applicants submit as part of the application process are subject to public disclosure unless otherwise exempt from disclosure under the Oregon Public Records Act (ORS 192.311 through ORS 192.478). No assurances can be given that any materials provided can be protected from public review and copying.

OHCS reserves the right to reject any and all applications with or without prejudice, and to negotiate acceptable applications with selected applicants.

Resource Funding Uses, Set asides, and Goals

Funding Uses – Homeownership & Rental

Legislative requirements include focusing the use of LAP funds for organizations building and operating homeownership programs, including community land trust, condominiums, or manufactured home co-op, or rental housing for households with

[1] ORS 456.502

income less than or equal to 80% of the HUD area median income ("low-income households").

All new funding allocations from the Legislature, and recycled funds from repaid LAP loans are subject to the following "funding use" split:

- 40% of available funds are to be set-aside for homeownership development for low-income households. ("Homeownership Set Aside Fund)
- 60% of available funds are to be set-aside for affordable rental housing development for low-income households. ("Affordable Rental Housing Set Aside Fund")

Timing of Funding Use Set-Asides – New Allocations

If a new LAP Homeownership Set Aside Fund allocation is not fully utilized by any location-based set-aside after a six (6) month period, all unallocated Homeownership Set Aside funds will be combined.

Timing of Funding Use Set-Asides – Recycled Funds

All repaid loans will be placed in a General LAP Fund that may be used by any eligible organization for any region in Oregon, subject to the Funding Use split mentioned earlier. The 40% Homeownership / 60% Affordable Rental Housing split will be held for a twelve (12) month period, after which all unallocated funds will be combined into a single fund that can be used for either Homeownership or Affordable Rental Housing loans.

Initial Resource Set-Asides

LAP is designed to be flexible in utilization, allowing for this funding source to be targeted towards specific regions within the State. Previous LAP funding investments have totaled $22.5 million. OHCS has utilized these investments and the program flexibility to provide intentional opportunities in different regions across Oregon, as well as culturally specific organizations. To balance this opportunity with fund utilization, OHCS uses location-specified set asides for the first 12 months in Affordable Rental Housing and for the first 6 months in Homeownership of each new funding allocation.

Location-Specified

Funding allocations to LAP are divided into location-based funding source set asides using a needs-based calculation that will take into consideration various housing specific benchmarks. For example, the aggregate age of current housing stock, housing cost burden for both homeowners & renters, population density, and/or monthly rents may be considered.

Oregon Rural Rehabilitation Land Acquisition Fund (ORR-LAP)

This manual applies to ORR-LAP funds. The use of ORR-LAP loans is to finance land acquisition for the construction of affordable rental housing in rural Oregon as part of the Oregon Rural Rehabilitation Land Acquisition Program. ORR-LAP funds cannot be used to support urban housing projects or any project that includes homeownership components.

ORR-LAP funds are held separately and distinct from LAP funds. Funds not fully utilized will not be combined with the unallocated LAP Set Aside funds. All repaid ORR-LAP loans will be placed in the ORR-LAP Fund that may be used by any eligible organization for land acquisition in rural areas in Oregon.

Program Funding Updates

Upon program funding availability, the Homeownership Set Aside Fund and the Affordable Rental Housing Set Aside Fund will be utilized to fulfill approved LAP loan application requests until such time that the individual fund source balance, plus any available General LAP Fund balance has fallen below the fund threshold limit. Any fund balance (including any available General LAP Fund balance) that falls below threshold limits will result in a temporary cessation of the program fund until such time that recycled or new funding increases the balance above threshold limits. When a fund balance increases above the threshold limit, a minimum 30-day public notice will be provided, and the fund will be reopened for program loans. Threshold limits for each fund are as follows:

a. Homeownership Set Aside Fund – Threshold Limit = $100,000**
b. Affordable Rental Housing Fund – Threshold Limit = $150,000**

***Threshold limits include the available balance of the General LAP Fund, which acts as a supplementary fund for both Affordable Homeownership and Rental programs.*

Application Deadlines:

LAP is a rolling loan program with no application deadline. Applications will be considered for funding as they are received, dependent upon the availability of funds.

Program Goals and Reporting Requirements

OHCS is required to annually report to the Legislature three established performance measures: the ability of eligible organizations to access land for affordable housing development; the total number of dwelling units by housing type and total number of low-income households and persons served; and the financial efficiency of the program, demonstrated by certain factors including cost per unit and the number of units developed

across Oregon. LAP awardees are required to annually record and report data that enables OHCS to meet its reporting requirements.

Program Requirements

Eligible Uses of Purchased Property

OHCS LAP resources are available solely to purchase property that will be used to provide affordable housing (or provide services in conjunction with affordable housing) for low-income families. Property (including portions of the property) utilized for any other purpose is not eligible for LAP funding. Program funding is limited to acquiring property for the purpose of new construction. Property with existing buildings and/or facilities designated for renovation is not eligible. Exceptions for renovation may be allowed for incidental buildings on a case-by-case basis (i.e., a maintenance or storage shed). The acquisition of property with buildings to be demolished is eligible for LAP funding. Use of the acquired property is restricted to the development of affordable housing that will meet funding use requirements and to build other structures intended to provide resident services to affordable housing residents and low-income households in the nearby community.

Purchased property may not be resold for development without OHCS prior authorization while the affordability restrictions are in effect.

Loan Terms

LAP loans have a 1% simple interest rate with a 1% loan fee with a maximum term of eight years. Interest and principal payments are deferred for the life of the loan. Affordable housing developed on LAP financed land must be placed in service by the end of the eighth year. For this reason, it is anticipated that most loans will be repaid within four to six years using funds received to construct the affordable housing development. Loan repayments will be recycled to finance future transactions. **Receipt of a LAP loan does not provide the loan recipient with a guarantee or preference for any other OHCS financing product.**

Loan Restrictions

To ensure the equitable distribution of limited funds, OHCS imposes the following restrictions:

- **Loan Limits:** To ensure equitable distribution of limited funds, OHCS limits partners to having two open Land Acquisition loans at any given time.
- **Applying for Additional Loans:** To apply foradditional loans from the LAP program, at least oneopen loan must be repaid prior to submitting a new intake.

These restrictions are in place to manage the allocation of resources and ensure fair access to funding opportunities.

Loan Security Position

OHCS will utilize the purchased property to secure the LAP loan. OHCS shall be in the first lien position on all property loan documents.

Affordability Restrictions

All housing units developed on the property acquired under LAP shall be preserved as affordable housing for a minimum of thirty (30) years. The affordability restrictions shall be recorded at the applicant's expense against the property receiving LAP funding through documents acceptable to OHCS including, but not limited to, restrictive covenants. The restrictive covenants will provide for, but are not limited to, income and rent restrictions for all future housing units held at 80% AMI[2] for a minimum of 30 years. Affordability restrictions will take effect upon the closing of the LAP loan.

Loan to Value (LTV)

Subject to funding availability, there is no maximum loan amount for LAP loans. LAP loans are limited to and will not exceed 90% of the appraised value. Property secured at a below fair market value may result in 100% financing if it still meets the 90% loan to appraised value criteria. Applicants are strongly encouraged to leverage LAP funds with other sources in a way that maximizes the use of the other financing sources.

Applicability of Program Affordability Restrictions

Program affordability restrictions are applicable to all property purchased using LAP resources. For portions of the purchased property that are not needed for a project, consideration may be given to actions to address boundary lines as determined appropriate for the specific needs of the property. This includes, but is not limited to, selling excess property. In such event, any realized gain from excess property disposition will be split per program guidelines by the developer and OHCS. See Appendix B for more information.

Purchase and Sale Agreements

Property already purchased or donated by the prospective applicant does not qualify for LAP loans. Any property with a cost reimbursement agreement is not eligible for LAP financing. Option agreements or purchase and sale agreements must be signed within the 12 months prior to the application submission date.

[2] For Homeownership LAP loans, long term affordability will require a community land trust (CLT), condominium structure, or co-op structure with an eligible covenant holder. For more information see ORS 456.270.

Arm's Length Transactions

Loans will not exceed actual buyer costs and all transactions must be arm's length. Transactions involving any "identity of interest" are not eligible for program funding. Identity of interest is defined as any relationship in which the purchaser and seller are related, connected or affiliated through a business, personal, or financial relationship.

Property Re-Sale

If the LAP-assisted property is sold, any financial gap between the sale price and the amount owed to OHCS is the responsibility of the applicant. See Appendix B for more information on the sale of the property.

Required Reporting

Loan recipients are required to provide an annual update on project progress utilizing the LAP Annual Update Form. Completed LAP Annual Update Forms are due by January 10 each year. Loans closed on or after July 1 (within 6 months of the January 10 due date) are not required to submit an annual update in the first year. Program default procedures may be initiated for loan recipients who do not submit the LAP Annual Update Form on time. The LAP Annual Update form must be uploaded to the project's Procorem Workcenter by December 1 each year.

Within five years of receiving a LAP loan, a loan recipient must present OHCS with an updated development plan, including a proposed development design, committed and anticipated additional financial resources to be dedicated to the development, and an estimated development schedule that indicates completion of the development within eight years of loan receipt.

OHCS may require a loan recipient to complete an exit report after the repayment of LAP resources. The report may request information, including but not limited to: organizational changes made since the application was submitted under the Diversity Equity and Inclusion (DEI) agreement, LAP process assessment, and LAP program recommendations.

Application Submission Process

LAP applications are accepted on a rolling basis with no application deadline. Applications will be considered for funding based upon the availability of funds. For current funding levels, please visit the Land Acquisition Revolving Loan Program website here: https://www.oregon.gov/ohcs/development/Pages/land-acquisition-revolving-loan.aspx

All LAP applications are required to be submitted via the Land Acquisition Program Intake Form ,

Prequalification

OHCS prequalifies developers (lead developers and co-developers), general contractors, and development consultants to expedite the funding process by ensuring performance, experience, and good standing of applicants and partners. Applicants must have all required members of their development team submit their Prequalification Request Form - each year. Prequalification must be resubmitted and approved on an annual basis. All members of the development team must be prequalified by OHCS before application review. Additionally, as a part of prequalification, developers (Lead and/or co-developer) and other development consultants mentioned above submit their organizational Diversity, Equity and Inclusion (DEI) Agreements. This agreement must be updated annually to remain prequalified and a copy of responses should be uploaded to Procorem Workcenter with all other application materials.

Requesting a Procorem WorkCenter

All Procorem Workcenter requests require that a fully executed purchase & sales agreement or other agreement to purchase the property be uploaded via the Intake Form.

Submitting Application Materials

Once Procorem credentials are received, go to the Procorem login page: https://app.procorem.com/login, login to your workcenter and review the Tasks screen. These tasks are the formal application checklist. Once documentation has been uploaded to fulfill a specific task, the applicant marks that task as 'Finished' to notify OHCS staff all items are available for review.

While applicants are only evaluated for the application step in which they are working to meet, they are not precluded from submitting ready documents or evaluation standards that are in future application steps. OHCS will not review these documents for approval until the applicant has reached the appropriate application step. OHCS reserves the right to make any updates to process, criteria, or standards listed below at its sole discretion.

Please note: Applications can only be submitted electronically through Procorem Workcenters. Hard copies, faxes, and digital/electronic materials not submitted through Procorem will be automatically rejected and will not be reviewed, considered for funding, or returned to the applicant.

Initiating OHCS Application Review

OHCS staff will begin review of submitted LAP application materials upon receipt of the $500 application fee and confirmation of any required Affordable Rental Housing registry submittals.

Application Fee Payment

Once OHCS receives a Land Acquisition Program Intake Form, it will create a Procorem WorkCenter for the applicant. Applicants must submit application materials through Procorem WorkCenter. Applicants will receive instructions on how to submit the LAP application fee through Procorem WorkCenter.

- If the $500 application fee is not received, the application will be considered non-responsive.
- If OHCS is unable to consider the application because there is not sufficient funding remaining in LAP to fund the application, the application fee will be returned to the applicant.
- Applications reviewed but not funded after application of tiebreaking rules will be charged an application fee. See Appendix A for information on tiebreaking.

OHCS Required Survey Submittals

All Land Acquisition Applicants are required to complete OHCS' Diversity Equity and Inclusion Registry. For more information, please visit www.oregon.gov/ohcs/DEI.

Affordable Rental Housing Applicants are also required to complete the Pre-Qualification Registry and the standard Intake Application before taking any loan recommendations for approval.

Helpful Hint: Applicants should access their Procorem Workcenter to review the provided instructions on how to submit payment for the LAP application fee online. Once the LAP application fee has been paid, an applicant must mark the Application Invoice task in Procorem Workcenter as 'Finished'.

OHCS Approval Timelines

OHCS staff will review applications to ensure that they are complete after receiving the application check and being notified that all Tasks are complete in Procorem. OHCS maintains a 30-day review period. During the review period, OHCS may seek clarification from applicants and may conduct discussions and negotiations with applicants who submit applications found to be reasonably likely to qualify for an award. OHCS may also negotiate with applicants on award amounts, particularly in instances where OHCS is unable to fully finance a loan request.

Loan applications will be considered by the LAP Program Analyst in the order they are received and OHCS Finance Committee with final approval by the OHCS Executive Director. OHCS Finance Committee meets weekly, with recommendation materials due 3 business days before the meeting date.

Cure Process

If an application does not meet a standard and is curable, OHCS will allow a cure period of 10 business days for applicants to respond to and address any identified issues. The cure period begins on the day the applicant is notified of the deficient item(s). Applicants may choose to respond sooner than 10 business days if they resolve the issues sooner. After receiving the applicant's response, OHCS has up to 10 business days to review the updates and determine whether the issues have been resolved. During the cure period and review, an applicant's initial submission date remains intact.

Phased Projects

Phased projects are allowed, subject to the LAP requirement that loans must be repaid in full within 8 years. **At OHCS' sole discretion**, phased projects may be granted a waiver to make loan repayment in accordance with the development plan (i.e. a two-phase project may be allowed to repay half the loan upon receiving the construction loan for phase one and the second half upon receiving the construction loan for phase two).

Applications which include multiple parcels or sites of property will be accepted and considered for funding by OHCS provided the parcels or sites are determined by OHCS to meet eligibility requirements and are incorporated within the organization's housing plan. OHCS may require individualized documentation for each site. Site-specific documentation may include, but is not limited to:

- Environmental Reviews to standards found in 24 CFR 50 and/or 58,
- site descriptions
- land appraisal
- development timelines

Extension Requests

If an application is approved, OHCS will issue a Reservation and Conditions Letter (RCL) to the applicant. An applicant must sign and return the RCL to OHCS within 15 calendar days of the date of the RCL. An applicant that fails to meet that deadline will be deemed to have declined the funding offer. The signed RCL may be submitted electronically and uploaded to the assigned Procorem WorkCenter.

Upon an applicant's request, OHCS may, in its sole discretion, extend the deadline to sign the RCL if OHCS determines there is good cause for granting the extension, such as permitting or zoning challenges, natural disasters, stakeholder coordination issues, or other unforeseen events affecting the Project or the Property. If granted, OHCS will indicate the length of the extension provided.

If an RCL is not signed and returned to OHCS by the applicable deadline, the RCL shall be deemed rescinded, and OHCS will issue a formal declaration of declination.

Application Evaluation Criteria

Project Proposal

The purpose of LAP is to provide a source of financing for the acquisition of land for future affordable housing development. As such, we understand that the proposed development is in the concept stage and will likely change over time. Based upon this premise, an applicant's development plan should be preliminary and reflect a concept rather than a final project. If the eligible entity choses to partner with another developer or entity for the project, the LAP awardee must retain controlling ownership of the project. OHCS further reserves the right to not approve any application if, in OHCS's judgment, the proposed project is not consistent with the goals of the Land Acquisition Program.

Evaluation criteria will include, but not be limited to, the following:

- Evaluation of the site's suitability for affordable housing and facilities that provide services to support residents, including the site's:
    - access to transportation,
    - use of existing infrastructure,
    - proximity to necessary services and amenities, and
    - ability to contribute to healthy neighborhood or community development.
- Evidence of strong organizational and financial capacity of the applicant to develop the project, including a demonstrated track record of receiving anticipated construction and permanent takeout financing,
- Applicant's housing plan is well thought out and attainable,
- Urgency to acquire a site to provide affordable housing,
- Leveraging other sources of acquisition funding, and
- Balancing need and geographic distribution.

OHCS Provided Application Materials

Affordable Housing Land Acquisition Revolving Loan Program - (LAP) Workbook

The LAP Workbook requests the following information on the various tabs:

- Project Input Tab
    - Project location information
- Development Team Tab
    - If a General Contractor, Management Agent, or Architect has not been finalized, that is acceptable for LAP.

- LAP Information Tab
  - OHCS Set-Aside Category (Regional, Culturally Specific Organization, & Rental/Homeownership)
  - Site Acquisition Financing Table
  - Sources & Uses Table
  - Development Schedule

Application Narratives

Development Team

Please identify each person or company involved with the project team and their respective roles. Include a detailed resume of your team's work experience and qualifications. Additionally, please include the personal resumes of key team members. This should be reflected on the Development Team Tab of the preapplication as well as in a narrative.

History and Mission of the Org./Description of Current Organization

Discuss the history and mission of the Organization. Provide information on the management team and Board of Directors. If the requesting entity is public, please describe the decision-making structure of the entity and provide information on the individual or team responsible for overseeing this process.

Organizational Development Experience

Describe the organization's previous experience in affordable housing development, including a comprehensive list of affordable housing projects with which it has been involved. Please include all relevant completed projects as well as current or ongoing projects. The projects listed should illustrate the organization's experience with projects similar in scope and size to the project proposed in this application and demonstrate the organization's track record with receiving relevant funding.

The list of projects should include the following:

- Name and location of project
- The organization's role in the project
- Description of project including type, size, scope, mix of affordability, and special needs set-asides
- Sources of financing
- Date project started and completed construction and current status of the project

Site Description & Suitability of Site

Describe the features of this site that make it suitable for affordable housing and, if applicable, facilities that provide supportive services. Describe the site's location, including:

- the site's access to transportation,
- use of existing infrastructure,
- proximity to necessary services and amenities, and
- the ability to contribute to a healthy neighborhood or community development plan.

Provide current site approved zoning documentation to confirm that the project conforms to current zoning requirements. If the project does not conform to current zoning requirements:

- provide evidence that zoning can be changed, and
- describe the process involved in making that change.

Site Acquisition Financing

Describe how the organization will leverage LAP funds to purchase the site using the site acquisition "Sources and Uses" table from the Workbook. Include all applicable closing costs, including title & escrow charges and OHCS LAP fees. If another lender will be providing additional financing, include a letter of interest/intent from them.

Proposed Development & Financing Plan / Proposed Repayment Timeline

Explain how the affordable housing project will be financed, including how and when the LAP loan will be repaid and a timeline for securing all funds. The proposed development plan should reflect the anticipated size and type of the housing project, including a description of any other facilities being considered, and whether the project will be rental or homeownership. Identify the affordability restriction that will be used to maintain the long-term affordability of the project (minimum 30 years). Describe any foreseeable issues that may disrupt the timeline.

Additional Due Diligence Items

Financial Capacity

Attach the organization's past two years of audited financial statements and provide the year-to-date interim financial statements.

Eligible entities must have two years of audited financial statements. LAP does not allow for guarantors or co-applicants.

OHCS will review the provided financial documents to evaluate applicant risk and financial capacity.Site Control

Provide evidence of site control documented by an option to purchase or a purchase and sale agreement.

Initial Valuation of the Land

Applicants are required to submit a sales agreement supported by tax assessment documentation or a broker opinion with the application to indicate preliminary loan to value compliance. Variances between the sales agreement and the supporting documentation should include a written explanation. Appraisals will be required to determine the final loan-to-value compliance prior to loan closing.

Preliminary Commitment for Title Insurance

LAP loans require an ALTA extended lender's title policy.

Pre-Closing Requirements

After receiving loan approval from the Finance Committee, OHCS staff will issue a Reservation and Conditions Letter (RCL) for the project to the applicant. RCL attachments can be found on OHCS' website here: https://www.oregon.gov/ohcs/development/Pages/nofa-reservation-letter-attachments.aspx

Third Party Reports

Environmental Assessment

A Phase 1 Environmental Site Assessment is required prior to closing. It must be dated no earlier than 12 months prior to the LAP application date.

Land Appraisals

LAP Appraisals must be performed by a State Certified General Appraiser (SCGA)[3] and are required before closing. The Oregon Appraisal Certification and Licensure Board has a searchable database to identify a SCGA accessed through the following link: https://public.orlicensing.oregon.gov/ACLBPublic/LPRBrowser.aspx

[3] A State Certified General Appraiser is authorized to perform appraisals for all types of real property. See OAR 161-025-0000 for more information.

If the expected land value will be less than $500,000, a State Certified Residential Appraiser (SCRA)[4] can perform the appraisal, however a written request for an exception must be made to OHCS prior to the appraisal being performed. The request must be detailed and complete, including an explanation as to why a SCGA cannot be utilized. Exceptions will be granted in writing at the sole discretion of OHCS.

All costs associated with the appraisal will be the responsibility of the applicant. OHCS reserves the right to request a second appraisal at the applicant's expense. All appraisals must be completed by a third-party having no "identity of interest" with the applicant.

Proof of Property/Liability Insurance

OHCS requires proof of Property/Liability insurance of not less than $1,000,000 with OHCS listed as an additional insured at the time of closing. OHCS shall receive a Certificate of Insurance at least annually while the LAP loan is in place. Changes at any time shall result in an updated Certificate of Insurance.

[4] A State Certified Residential Appraiser can only appraise non-residential real property with a transaction value of less than $500,000. See OAR 161-025-0005 for more information.

Appendix A: Fund Oversubscription/Tiebreakers

The intent of the LAP is to provide eligible organizations with a resource that may be used to acquire real property when it becomes available to be used for the development of affordable housing. To that end, LAP is a first come, first served program with application approval based on merit rather than a competitive scoring process. If, however, application approval would result in one or more LAP financing funds being oversubscribed, a tiebreaker system has been established.

In the event of the oversubscription of a fund, the following progression (in the listed order) will be applied to determine funding:

1. OHCS will provide loan funds to the applicant's loan request for property located in the census tract with the highest current percentage of severely rent burdened families (on a census tract level). Housing need levels will be compared to the first whole number.
2. If the tie is not broken from use of subsection 1 above, OHCS will provide loan funds to the applicant's loan request with the lowest loan-to-value percentage (based upon the preliminary value documentation accepted at application).

This tiebreaker system will be applied to same-day multiple applications within each individual set aside.

Appendix B: Failure to Meet Terms:

If the LAP loan recipient does not place affordable housing into service on the property acquired through LAP within the eight-year loan term, or if the borrower fails to use the property in a way that is consistent with the original affordable housing development plan, or if the borrower does not abide by the terms of their agreement or this policy, then the borrower will be required to repay OHCS the principal of the original LAP loan plus compounded interest calculated at the "current market rate". "Current market rate" is defined as the ten (10) year constant treasury maturity year rate, as determined at the time the individual loan is closed, plus 2.5%.

OHCS may authorize LAP funded property to be sold or assigned prior to development. In all cases, OHCS will require, at a minimum, full repayment of the LAP loan at sale or at assignment.

Assignments may be made to related parties only if all of the requirements associated with the LAP loan will be attached to the assignment, including timeframes and affordability restrictions. Related parties are defined as an affiliate, subordinate, disregarded entity[5], or any entity controlling or controlled by the purchasing entity including but not limited to a Partnership or Limited Liability Company where the borrower or its affiliate is the general partner or managing member.

In the event of a property sale, OHCS will be reimbursed the full LAP loan value regardless of sale proceeds. Generally, property sales will fall into two categories:

1. **A sale retaining LAP requirements** – under this scenario, OHCS must approve the sale and its terms. Any net proceeds* will be split equally by the seller and OHCS. Any loan inequities caused by market changes must be negotiated between the buyer and seller as all OHCS loan terms, including but not limited to, loan amount, affordability and timeframes will remain the same and be transferred to the buyer. No penalties will be enforced though this type of sale.

2. **A sale abandoning LAP requirements** – under this scenario, the loan recipient is responsible for repayment of the entire LAP loan including penalties (i.e., interest at current market rate) regardless of the terms of the property sale. Any net proceeds will be split equally between the seller and OHCS.

*Net Proceeds are defined as profits made by the LAP loan recipient after all costs associated with the sale of the restricted property to a third party are factored in. General holding costs

[5] "Disregarded entity" means an entity that is disregarded by the Internal Revenue Service for tax purposes.

affiliated with the LAP loan, including, but not limited to, penalties and costs associated with property maintenance, taxes, etc. are not factored into this formula.

Repayment of all amounts owed to OHCS, including the principal of the LAP loan and any applicable interest rate, must be made upon demand or under terms determined by OHCS following the determination that the borrower has not met program requirements.

OREGON HOUSING and COMMUNITY SERVICES

Land Acquisition Program
Rulemaking Impact Statements

Drafting Impact Statement Instructions: the proposed impact statements will be included in the Notice of Proposed Rulemaking. These statements were completed to the best of our knowledge and reference data known and intent with rule changes. In preparation for the upcoming RAC meeting, please take a few minutes to review the proposed impact statements and take note whether you agree or disagree with the statement. We will review these proposed statements and encourage you to share your feedback at the meeting.

Fiscal and Economic Impact Statements:

Question 1: Identify whether the rules will have a fiscal impact, either negative or positive, on state agencies, local government, or the public, and if so, the extent of the impact.

Proposed impact statement: The proposed rule revisions are not expected to have a significant fiscal impact on state agencies, local government, or the public. Most changes are administrative, procedural, or clarifying in nature. The revisions may create minor administrative or compliance costs for applicants by requiring two years of audited financial statements, annual prequalification, and limiting applicants to no more than two open LAP loans at one time. The rules also clarify that guarantors and co-applicants are not permitted, require LAP recipients to retain controlling ownership when partnering with another entity, and place restrictions on the resale of LAP-funded properties. In addition, the Oregon Rural Rehabilitation Land Acquisition Program (ORR-LAP) funds create a separate funding source for eligible rural housing projects but is not expected to result in significant new costs.

Notes:

Cost of Compliance Impact Statements

Question 2: Describe how state agencies, local government, or public members (if any) is likely to be affected; In the case of affects upon small business subject to these rules; describe the expected reporting, recordkeeping, or administrative costs to comply; and

estimate the cost of professional services, equipment or supplies, labor, and increased administration required to comply with the proposed rules.

Proposed impact statement: The rule updates may have a greater impact on small businesses, emerging developers, and newer nonprofit housing organizations than on established housing developers. Requiring two years of audited financial statements may limit eligibility for organizations that have not been operating long enough to meet the requirement. The only updates that may cause additional staff time stem from the added annual prequalification requirements.

Notes:

Small Business Impact Statement

Question 3: Describe how small businesses were involved in the development of these rule(s). Detail small business interactions involved in the rulemaking or through the RAC; if small business were not involved, indicate so in a complete sentence.

Proposed impact statement: Small businesses were not involved in the development of these rules.

Notes:

Racial Equity Impact Statement

Question 3: How does this rulemaking affect racial and ethnic equity in Oregon, including how they may be disproportionately impacted, whether existing disparities are worsened or improved, any unintended consequences, and what data supports these conclusions?

Proposed impact statement: The proposed rule updates are not expected to have a significant impact on racial equity, although some organizations could be affected. Requirements such as two years of audited financial statements, annual prequalification, limits on open loans, and restrictions on guarantors and co-applicants may be more challenging for smaller, newer, and culturally specific organizations that often serve historically underserved communities. At the same time, the program continues to support affordable housing development, maintains eligibility for culturally

specific organizations and Tribes, preserves long-term affordability, and adds the Oregon Rural Rehabilitation Land Acquisition Program (ORR-LAP), a dedicated funding sources for affordable rental housing development in rural areas. ORR-LAP may help expand housing opportunities in rural communities, including areas with Tribal populations and other underserved residents that often have fewer affordable housing resources and financing options.

Notes:

Housing Cost Impact Statement

Question 4: Do the proposed rules affect the cost of development of a 6,000 square foot parcel and the construction of a 1,200 square foot detached single-family dwelling on that parcel?

Proposed impact statement: These rules do not affect the cost of development of a 6,000 square foot parcel and the construction of a 1,200 square foot detached single-family dwelling on that parcel.

Notes: