

Oregon Housing and Community Services

HELP Program Manual

EFFECTIVE AS OF JUNE 21, 2013



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FINANCING ADJUSTMENT FACTOR SAVINGS FUND (HELP PROGRAM)

Introduction

The HELP Program was established Oregon Housing and Community Services in 1991 to provide financial assistance for the construction, acquisition and/or rehabilitation of rental housing for individuals and families of very low income for the purpose of expanding the supply to provide funding for decent, safe and sanitary housing affordable to very low-income families or persons. The HELP program is realized through shared debt service savings between the Department and the Department of Housing and Urban Development's Financing Adjustment Factor (FAF) Program under the Stewart B. McKinney Homeless Assistance Act of 1988.

Eligible Applicants

Eligible Applicants for HELP funds include units of general local government and nonprofit organizations which propose to construct, acquire and/or rehabilitate rental housing for Households with Very Low Incomes. "Very low -income" means annual household income which does not exceed 50 percent of the median household income for the area, as determined by HUD, with allowances for family size.

Eligible Activities

HELP funds provided by the Department shall be used for the construction, acquisition and/or rehabilitation of rental housing to be occupied by households with very low incomes. The Department has, at its discretion, set aside HELP funds for three distinct populations: Homeless, including victims of domestic violence (Housing PLUS definition only), and group homes for persons with developmental disabilities or chronic mental illness.

The homeless definition for the HELP Program is:

- Persons who have chronic health conditions that are at least episodically disabling, such as mental illness, substance abuse, and HIV/AIDS, or have other substantial barriers to housing stability (e.g. trauma, or history of placement in institutions); or
- Who have been homeless for long periods of time (one year or more) or have experienced repeated stays in the streets, emergency shelters, or other temporary settings, often cycling between homelessness and institutional systems of care such as hospitals, jails, prisons, foster care, or other emergency systems; or
- Who have been victims of domestic violence, face survival and safety risks, come from a shelter, transitional housing, or another temporary housing situation, and have substantial barriers to obtain and retain housing.

Eligible Uses of Funds

HELP funds may be used to pay development costs that would be chargeable for federal income tax purposes to the project's capital account. Costs eligible to be paid with HELP funds are costs that promote housing affordability and include but are not limited to:

- (1) Development hard costs, such as the actual costs of constructing or rehabilitating rental housing;
- (2) Costs of acquiring improved or unimproved real property;
- (3) Pre-development costs which have been pre-approved by the Department; and
- (4) Soft development costs associated with the construction, acquisition, or rehabilitation, including fees and interest studies.

Affordability Period

A project assisted with HELP funds must remain affordable to very low-income residents shall be at least 60 years from the date of the Financing Adjustment Factor (FAF) Savings Fund Use Agreement.

Terms

HELP funds will be awarded in the form of a grant.

Program Requirements

- Program guidelines restrict use of the funds to person(s) or families of very low income, defined by HUD as those with an income at or below 50% of the area median income. Tenants unable to provide evidence of this income requirement are ineligible to occupy housing benefiting from HELP funds.

NOTE: Use agreements may provide that a household with very-low income at the time of initial occupancy shall remain eligible despite the rise of household income and will not be displaced by reason of ceasing to qualify as a very-low-income family or person if the owner exercises reasonable efforts to lease the next available similar unit to a family or person of very low income.

- The Use Agreements shall require recipients to obtain resident income certifications at the time of initial occupancy of the HELP-assisted units and on an annual basis thereafter during the affordability period to document to the Department that units assisted with HELP funds continue to serve very-low-income households.
- The maximum grant per project is \$200,000.
- For projects involving a mix of market rate and very low-income units, the percentage of grant funds cannot exceed the percentage of very low-income units within the project. (Example: If 20% of the units within a project will be affordable to persons with income at 50% of median, then no more than 20% of the total project cost may be requested from the HELP program).
- A "Financing Adjustment Factor Savings Agreement" must be executed before funds will be disbursed. This Agreement imposes certain restrictions and requirements on the use of HELP funds.
- The Department's Asset and Property Management Division must approve the "Management Plan" and "Management Agent's Qualifications" to ensure the owner/agent has reasonable experience that would lend itself to managing the project, and that systems have been set up or will be set up to fulfill the HELP program requirements.
- Applicants must certify tenant incomes upon initial tenant application, and annually thereafter for sixty years. Certifications must be submitted to the Department on each anniversary date of HELP funds disbursement.

Federal Status of HELP Funds

FAF savings/HELP funds are funded from amounts recaptured from the refunding of certain bonds financed pursuant to Section 1012 of the Steward B. McKinney Homeless Assistance Act of 1988.

On September 30, 2005, the IRS released revenue procedure 2005-37, in which the IRS holds that Section 8 FAF refunding savings constitute federal funds for purposes of the LIHTC program.

Sponsors requesting both HELP and LIHTC resources will now need to treat the HELP dollars as federal funds for LIHTC purposes. As far as the impact of HELP funds on the HOME program, HELP funds will also be considered ineligible for HOME match.

Applicants requesting HELP in conjunction with either LIHTC and/or HOME are advised to seek legal counsel for an opinion.

Application Procedure and Requirements

An Application charge as described in the NOFA is applicable and may require a:

- Non-refundable application charge
- Supplemental application charge
- Transfer application charge
- The Department will not process applications it determines to be incomplete.

References

The State Statutes that address the General Housing Account Program are located at:

Stat. Auth.: ORS 456.555

Stats. Implemented: ORS 456.555, 456.559 and 456.625

The Administrative Rules that address the General Housing Account Program are located at:

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