

Oregon Housing and Community Services

Housing Development Grant Program Manual

JANUARY 1, 2015



725 Summer St NE Suite B, Salem, OR 97301-1266
(503) 986-2000 FAX (503) 986-2002 TTY (503) 986-2100

www.oregon.gov/OHCS



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Housing Development Grant Program

Introduction

The **Housing Development Grant Program (HDGP)** was established in 1991 to expand the State's supply of housing for Low and Very Low-Income families and individuals. HDGP provides grants and loans to construct new housing, or to acquire and/or rehabilitate existing structures. Funding comes from the Public Purpose charge collected by investor-owned energy providers across the state and from interest earnings on the Trust Fund corpus.

HDGP has three (3) primary objectives:

1. The creation and preservation for the longest use of safe and decent affordable housing for low and very low income households, including special needs housing, by providing funds to close a financial gap or pay pre-development costs.
2. Pairing ancillary social services (e.g. childcare, counseling, health care, etc.) with housing.
3. Leverage of HDGP dollars through the use of other public and private resources.

Eligible Applicants

Eligible Applicants include for-profit businesses, local government entities, housing authorities, nonprofit agencies, nonprofit corporations, and private individuals or corporations, including:

- A nonprofit corporation established under ORS chapter 65,
- A housing authority established under ORS 456.055 to 456.235,
- A local government as defined in ORS 197.015,
- A manufactured dwelling park cooperative as established under ORS 62.800 to 62.815,
- A for-profit entity,
- A Native-American tribe, or
- An individual.

Eligible Beneficiaries

HDGP is targeted for Low and Very-Low Income households, including families and single individuals.

The applicant must target at least seventy-five percent (75%) of the HDGP funding to very low-income households. The applicant may target the HDGP funds for households above fifty percent (50%) of median income, but at or below eighty percent (80%) of the area median income.

A Low-Income household is a household with income more than fifty percent (50%) and not more than eighty percent (80%) of the median family income for the area, subject to the adjustment for areas with unusually high or low incomes or housing costs, all as determined by

the State Housing Council according to information from the U.S. Department of Housing and Urban Development (HUD).

A Very Low-Income household is a household with income at or below fifty percent (50%) of the median family income for the area, subject to adjustment for areas with unusually high or low incomes or housing costs, all as determined by the State Housing Council according to information from HUD.

Eligible Activities

Eligible activities for **HDGP** funding include the following:

- Construct new housing, to acquire and/or rehabilitate existing structures of Low and Very Low-Income housing units.
- Reimbursement of engineering or feasibility studies, appraisals, architectural plans, site acquisition, or other necessary professional services.

When HDGP funds are made available, through a Notice of Funding Availability (NOFA) or Request for Applications (RFA), the intended use of the funds will be clearly stipulated as to whether or not either or both purposes are valid.

Application Requirements

HDGP Applicants will be evaluated on the following requirements as well as the items listed on the application checklist.

- Projects that demonstrate a strong probability of serving the target group or income level for the longest period of time, with a minimum affordability period of set by department policy.
- The maximum award per application of HDGP if combined with Low Income Housing Tax Credits (LIHTCs) is \$200,000.
- The maximum award per Application of HDGP if not combined with LIHTCs is \$500,000 (unless otherwise stated in the application).
- Awards will be made in the form of grants or loans.
- Projects must, at a minimum, have a proportionate number of units by project cost or cost per unit, designated as GHAP units. (Example, a \$3,136,000 project with forty (40) units requesting \$100,000 in resources should have a minimum of two (2) affordable units. $\$100,000 \div \$3,136,000 = .0319 \times 40 \text{ units} = 1.27 \text{ units}$, rounded up for a minimum of two (2) units; **and/or** a project with a cost per unit of \$80,000 requesting 100,000 in resources would need a minimum of two (2) units designated as GHAP. $\$100,000 - \$80,000 = \$20,000$ remaining to pay for cost of a second unit).
- For projects involving a mix of market rate units and affordable units, the percentage of HDGP funds cannot exceed the percentage of Low and Very Low Income units within the project. (Example: If twenty percent (20%) of the units within a project will be affordable to persons with income at or below eighty percent (80%) of median, then no more than twenty percent (20%) of the total project cost may be requested from HDGP).

- HDGP funds can only be used for project related costs incurred no more than six (6) months prior to the original application. Only project related costs will be considered. Costs resulting from holding the land (i.e., annual property taxes, mowing and other maintenance) are not eligible.
- Recipients may draw up to fifty percent (50%) of **GHAP** grant/loan award prior to completion of all Conditions of Reservation, subject to written pre-approval by the Loan Officer. A recorded Grant Agreement, Declaration of Restrictive Covenants, must be in force, or the un-recorded document must be signed and held in escrow before funds can be released.

HDGP Grants

A project assisted with HDGP funds must remain affordable to Low and Very Low Income residents at the term of affordability. Continued compliance with funding terms and conditions for all applicable periods, including but not limited to:

- Continued use of the project for the targeted tenant group,
- Continued compliance with applicable affordability, reporting and monitoring requirements;
- Continued maintenance of the project in a safe and sanitary condition; and
- Continued provision of supportive services.

HDGP Permanent Loans

The Applicant can request HDGP funds as a loan and the Department will make every effort to fulfill that request. The following loan terms apply:

- Maximum loan term is thirty (30) years.
- GHAP Interest rate shall be equal to the interest paid on U. S. Treasury long-term obligation in effect at the time the loan documents are created. The rate will be equal to the interest rate of the Treasury obligation closest to the term of the loan, but will not be greater than the Treasury rate.
- Resources awarded as a permanent loan will require the execution of a Loan Agreement and Promissory Note and the execution and recording of a Trust Deed and Regulatory Agreement and Declaration of Restrictive Covenants.
- Loans must be included as debt on the Expense Statement of the operating budget.

HDGP Capital loans

- Maximum loan of 500,000 for long term project financing non-LIHTC projects.
- Recourse is on a case by case basis for each project.
- May be used in conjunction with other Department resources.
- All HDGP loans will be subject to a one time, up front, one point five percent (1.5%) loan charge.

Conditions, Limitations Relating to Funding

- Availability of funds and authority to disburse,
- Execution and recording of all funding documents,
- Performance of all conditions precedent to funding,

- Continued maintenance.

References

The State Statutes that address the Housing Development Grant Program are located at:

Stat. Auth.: ORS 456.515-456.720, 458.600-458.630

Stats. Implemented: ORS 456.555

The Administrative Rules that address the Housing Development Grant Program are located at:

OAR 813-042-0000to 813-055-0110.