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PERMANENT ADMINISTRATIVE ORDER

OHCS 13-2021

CHAPTER 813

OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT

FILED

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ARCHIVES DIVISION
SECRETARY OF STATE
& LEGISLATIVE COUNSEL

FILING CAPTION: Implementation of HB 3218 (2021) authorizing funds to support natural disasters replacement needs.

EFFECTIVE DATE: 12/17/2021

AGENCY APPROVED DATE: 12/06/2021

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RULES:

813-066-0005, 813-066-0010, 813-066-0015, 813-066-0020, 813-066-0025, 813-066-0030

AMEND: 813-066-0005

RULE TITLE: Purpose and Objective

NOTICE FILED DATE: 09/29/2021

RULE SUMMARY: Requested legislative fixes under HB 3218 to allow funding to be used for manufactured homeowners who will replace manufactured homes lost in natural disasters, and legislative fixes under HB 3219 to allow funding to be used for modular homes that are used in natural disaster recovery.

RULE TEXT:

OAR chapter 813, division 66 accomplishes the general purpose of ORS 458.356 and ORS 458.358, which authorize the Oregon Housing and Community Services Department (OHCS) to develop the Manufactured Dwelling Replacement Program (Program) to provide loans to individuals to buy and set up on a site manufactured dwellings that replace older and less energy efficient manufactured dwellings and provide grants to individuals or entities to decommission and dispose of older, damaged, or hazardous manufactured dwellings. The loan and grant funds are intended primarily to be used with other financing sources to reduce the cost of manufactured dwelling replacements for low- to moderate-income households.

STATUTORY/OTHER AUTHORITY: ORS 458.356, ORS 458.358

STATUTES/OTHER IMPLEMENTED: ORS 456.555, ORS 446.003, ORS 455.10, ORS 90.100

AMEND: 813-066-0010

RULE TITLE: Definitions

NOTICE FILED DATE: 09/29/2021

RULE SUMMARY: Updates definitions to include natural disaster recovery as an eligible category and clarifies that NEEM energy efficiency standards apply to new manufactured homes.

RULE TEXT:

Terms used throughout OAR chapter 813, division 66 may be defined in Oregon Revised Statute (ORS) or in the OHCS General Definitions (OAR 813-005-0005). Terms used within this division observe those definitions except as defined below:

- (1) "Energy efficiency standards" means the minimum standards of the Northwest Energy Efficient Manufactured Home Program (NEEM), including NEEM 1.1 and NEEM 2.0 specifications, or the equivalent for a new manufactured or prefabricated home.
- (2) "Manufactured Dwelling Park" means a facility for the location and use of manufactured housing, as the term "manufactured housing" is used in ORS 456.548, whether the facility is characterized as a "Mobile Home Park" or a "Manufactured Dwelling Park."
- (3) "Manufactured Dwelling" is as defined in ORS 446.003(21) and ORS 90.100(26).
- (4) "Prefabricated Structure" is as defined in ORS 90.100(34) and ORS 455.010(6).
- (5) "Homeowner" means, when referring to a manufactured dwelling, the person who is the registered owner or the holder of the title of the manufactured dwelling, regardless of who owns the land the manufactured dwelling is sited on.
- (6) "Natural Disaster" includes any disaster resulting in the declaration of a state of emergency under ORS 401.165 or 401.309 for wildfires, floods, tsunamis, earthquakes or similar events, including disasters began by negligent or intentional acts.

STATUTORY/OTHER AUTHORITY: ORS 458.356, ORS 458.358

STATUTES/OTHER IMPLEMENTED: ORS 456.555, ORS 446.003, ORS 401.165, ORS 401.309, ORS 455.010, ORS 90.100

AMEND: 813-066-0015

RULE TITLE: Allocation of Funds to Approved Lenders and Program Administrators

NOTICE FILED DATE: 09/29/2021

RULE SUMMARY: Requested legislative fixes under HB 3218 to allow funding to be used for manufactured homeowners who will replace manufactured homes lost in natural disasters, and legislative fixes under HB 3219 to allow funding to be used for modular homes that are used in natural disaster recovery.

RULE TEXT:

The Manufactured Dwelling Replacement Program is overseen by OHCS. At OHCS discretion, program funds may be distributed consistent with OAR Chapter 813 pursuant to relevant procurement documents including, but not limited to, a Request for Proposal (RFP) or alternative procurement method. A public or private entity may apply to administer program grants and loans in a fiduciary capacity on behalf of OHCS, provided they also meet any additional qualifications and monitoring and administration requirements set forth in the procurement documents.

STATUTORY/OTHER AUTHORITY: ORS 458.356, ORS 458.358

STATUTES/OTHER IMPLEMENTED: ORS 456.555, ORS 446.003, ORS 90.100

AMEND: 813-066-0020

RULE TITLE: Manufactured Dwelling Replacement Loan Terms

NOTICE FILED DATE: 09/29/2021

RULE SUMMARY: Updates loan terms to include maximum loan amounts for disaster-impacted borrowers and borrowers not impacted by disasters, changes the primary loan requirement for borrowers impacted by natural disasters, and allows energy efficient used homes as an eligible purchase.

RULE TEXT:

All loans made under this program will include, but are not limited to, the following terms and criteria:

- (1) There is no minimum loan amount and the maximum loan amount allowable is \$50,000 for a single-wide or equivalent and \$75,000 for a double-wide or larger home based on demonstrated need. The Director of the Homeownership Division may approve an increase in the maximum amounts in cases of natural disaster.
- (2) The new replacement manufactured dwelling or prefabricated structure shall meet or exceed energy efficiency standards. A used manufactured home may be financed provided it is 1995 or newer, meets minimum energy efficiency standards, and undergoes inspections required by OHCS. Exceptions to higher energy efficiency standards as defined may be made in cases of natural disaster for new manufactured dwellings or prefabricated homes ordered or purchased prior to October 31, 2021 or for borrowers impacted by natural disasters who do not have access to energy efficiency incentive programs in their location.
- (3) Program loans will have a 0% interest rate.
- (4) Program loans will not require regular principal payments.
- (5) Program loans will be subordinate to a primary home loan, or, in cases where a borrower was impacted by a natural disaster, other funding sources.
- (6) The program loan balance at closing will be reduced incrementally by 1/120th each month and forgiven completely after 10 years of homeowner occupancy from the loan origination date.
- (7) If the manufactured dwelling is sold before the 10-year homeowner occupancy period expires, the outstanding balance of the program loan shall be repaid upon sale of the manufactured dwelling unless:
 - (a) The program loan is assumed by a buyer who meets the minimum income restrictions set forth in ORS 458.356(2)(a) or the minimum income restrictions set forth in the program loan documents, whichever is more restrictive, or
 - (b) The remaining balance of the program loan is forgiven early by OHCS due to hardship at the sole discretion of OHCS.
- (8) The program loan shall be secured by a recorded or filed security interest.
- (9) A program loan may be made to refinance an existing loan provided the existing loan was made for the purpose of an otherwise qualified manufactured dwelling replacement and was made after January 1, 2020.
- (10) The unpaid balance of the program loan must be repaid in full upon:
 - (a) The borrower's sale or voluntary transfer of the manufactured dwelling without OHCS prior written consent, within 10 years of homeowner occupancy; or
 - (b) The relocation of the manufactured dwelling without OHCS prior written consent; or
 - (c) The manufactured dwelling ceasing to be the borrower's primary residence.

STATUTORY/OTHER AUTHORITY: ORS 458.356, ORS 458.358

STATUTES/OTHER IMPLEMENTED: ORS 456.555, ORS 446.003, ORS 455.010, ORS 90.100

AMEND: 813-066-0025

RULE TITLE: Borrower Eligibility and Requirements for Program Loans

NOTICE FILED DATE: 09/29/2021

RULE SUMMARY: Updates locations where an eligible manufactured home can be sited to include manufactured dwelling parks impacted by a natural disaster and allows for a waiver of the regulatory agreement under certain conditions.

RULE TEXT:

Requirements for borrower eligibility include, but are not limited to, the following:

- (1) The manufactured dwelling must be the borrower's primary residence throughout the term of the loan.
- (2) The manufactured dwelling must be sited either:
 - (a) in a manufactured dwelling park that has registered with OHCS and either has entered into a regulatory agreement with OHCS or is negotiating a regulatory agreement with OHCS that is at least partially conditioned upon the replacement of the manufactured dwelling,
 - (b) on land owned or purchased under a land sale contract by the individual borrower, or
 - (c) in a manufactured dwelling park that has been affected by a natural disaster, or in a new manufactured dwelling park in a natural disaster area that replaces a destroyed manufactured dwelling park or primarily serves survivors of the natural disaster, and the department has provided the borrower with a waiver of the regulatory agreement requirement. A waiver will be, in part, predicated on satisfactory condition of the infrastructure in the manufactured dwelling park.
- (3) Income restrictions for eligible homeowners will be determined at the advice and consent of the Oregon Housing Stability Council, and shall not exceed the greater of 100 percent of the statewide or local area median income adjusted for household size at the time the loan is approved.
- (4) Borrower must be able to obtain primary home financing from another source that is acceptable to OHCS. The program loan will be subordinate to the primary home financing.

STATUTORY/OTHER AUTHORITY: ORS 458.356, ORS 458.358

STATUTES/OTHER IMPLEMENTED: ORS 456.555, ORS 446.003, ORS 455.010, ORS 90.100

AMEND: 813-066-0030

RULE TITLE: Program Decommissioning and Disposal Grant Terms and Eligibility

NOTICE FILED DATE: 09/29/2021

RULE SUMMARY: Increases the maximum amount of decommissioning and disposal grants.

RULE TEXT:

- (1) There is no minimum grant amount and the maximum grant amount allowable is the lesser of \$15,000 or the cost of decommissioning and disposal of the manufactured dwelling.
- (2) Grants will be awarded to an individual or entity that meets the qualifications set forth in ORS 458.358.
- (3) An individual or entity that qualifies under ORS 458.358 may apply for a grant through a process established by OHCS or an entity authorized by OHCS to administer the program.
- (4) The Housing Stability Council may establish priorities for the evaluation of grant applications and shall consider prioritizing grant awards:
 - (a) For the safe remediation of dwellings with environmental and public health hazards and risks, including asbestos, lead paint and mold;
 - (b) To homeowners from low-income households; and
 - (c) For the decommissioning of manufactured dwellings that are older and less resource and energy efficient.
- (5) A qualified individual or entity may apply for a grant without applying for a program loan.
- (6) Documentation, as outlined in the procurement documents, confirming proper disposal of the old home is required.

STATUTORY/OTHER AUTHORITY: ORS 458.356, ORS 458.358

STATUTES/OTHER IMPLEMENTED: ORS 456.555, ORS 446.003, ORS 455.010, ORS 90.100