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NOTICE OF PROPOSED RULEMAKING
INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 813
OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT

FILED
10/27/2025 1:13 PM
ARCHIVES DIVISION
SECRETARY OF STATE

FILING CAPTION: To amend rules to reflect HB-2964 requirements to the Predevelopment Loan Program.

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 12/01/2025 5:00 PM

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

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Filed By:
Glenn Muna
Rules Coordinator

HEARING(S)

Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.

DATE: 11/20/2025
TIME: 11:00 AM - 12:00 PM
OFFICER: Monica Avila

REMOTE HEARING DETAILS
MEETING URL: Click here to join the meeting
PHONE NUMBER: 503-986-6796
SPECIAL INSTRUCTIONS:
Dial in by phone
1-503-446-4951
Code: 821 395 234#

NEED FOR THE RULE(S)

HB 2964 (2025) requires that the Predevelopment Loan Program rules and program manual are updated to reflect the changes made to the program. OHCS is also updating the definition of Culturally Specific Organization (CSO) to align with other Affordable Rental Housing programs.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE

OHCS Designation Map:
https://experience.arcgis.com/experience/8bfb23d2e24044188dfe74cda32350db/page/Page
HB 2964 (2025): https://olis.oregonlegislature.gov/liz/2025R1/Measures/Overview/HB2964

STATEMENT IDENTIFYING HOW ADOPTION OF RULE(S) WILL AFFECT RACIAL EQUITY IN THIS STATE

A portion of the Predevelopment Loan Program is set aside to support Culturally Specific Organizations and non-profits by providing a small up-front investment. This funding helps them assess project feasibility before committing to larger

predevelopment loans through the main program.

FISCAL AND ECONOMIC IMPACT:

This is a revolving loan program. It is intended to be recycled back into itself and sustainable long term. There is no anticipated fiscal or economic impact.

COST OF COMPLIANCE:

(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

No small businesses will be adversely affected by this change. There is no expected cost of compliance for small businesses. There is no expected cost of compliance.

DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

OHCS worked with small developers and got their input on the original program framework.

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? YES

HOUSING IMPACT STATEMENT:

These rules do not affect the cost of development of a 6000 square foot parcel and the construction of a 1200 square foot detached single-family dwelling on that parcel.

Homeownership & Rental Affordable Housing Predevelopment Revolving Loan Program

Project Feasibility Loan (PFLP)
&
Predevelopment Loan (PDLP)

Revised: September 2025

OREGON HOUSING and COMMUNITY SERVICES

Program Manual

Contact

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DEFINITIONS

Agreement Documents	Means the funding documents, the final form of which are satisfactory to Oregon Housing and Community Services (OHCS), in consultation with the Oregon Department of Justice and executed in connection with the Project.
Allocation	Includes any funding allocated under the PFLP and PDLP.
Application	Means a Loan request provided by the Eligible Borrower to the Department in a form and format as prescribed by the Department and modified from time to time reflecting current Program criteria.
Applicants	Means persons or entities that submit an application responsive to the PFLP and PDLP.
Commitment Letter or Commitment	Means the written conditional obligation of the Department to provide a Loan issued to the Borrower after the Department has received, reviewed and determined to approve a Loan request. The Department has no obligation to approve. The Commitment Letter may be for an amount different than the Applicant request, and may include, but is not necessarily limited to stating the approved loan amount, interest rate, costs of borrowing, repayment terms, performance criteria, monthly reporting requirements and other conditions of the Loan.
Cost Reimbursement Agreement	This is an agreement between parties in a construction project that guarantees the owner reimburses the contractor for costs incurred while they work on a project.
Culturally Specific Organization (CSO)	An entity that provides services to a cultural community and the entity has the following characteristics: • Majority of members and/or clients must be from a particular cultural community that has faced housing discrimination; • Organizational environment is culturally focused and the cultural community being served recognizes it as a culturally-specific entity that provides culturally and linguistically responsive services; • Majority of staff must be from the cultural community being served, and the majority of the leadership (defined to collectively include board members and management positions) must be from the cultural community being served; • The entity has a track record of successful cultural community engagement and involvement with the cultural community being served; rooted on a foundation of respect and trust; and

- The organization engages in advocacy for housing and/or economic justice for the cultural community with their guidance.

Diversity, Equity, and Inclusion (DEI) Agreement	This is the agreement all Applicants must complete and submit on an annual basis to be eligible for OHCS funding. It is an electronic Survey in which organizations commit to making progress on specific organizational DEI goals, and update progress made on those goals annually.
Electronic Signature	Means symbols or other data in digital form attached to an electronically transmitted application as verification of the sender's intent to sign the application. With such signature, Applicant attests that it will meet and comply with all the requirements and conditions of the Oregon Centralized Application (ORCA).
Eligible Borrower or Borrower	Means a non-profit including public benefit and religious non-profit corporations, housing authority or tribal entity who satisfies the legal, financial, and other criteria of the Department for receipt of a Loan and who has or will make a Loan request that will qualify for approval by the Department.
Eligible Predevelopment Costs	Means costs associated with predevelopment activities as allowable by the Department.
Eligible Project	Means the new construction or acquisition and rehabilitation of affordable multi-family rental housing with a minimum of five (5) units that comply with Program requirements as determined by the Department.
Funds	Means the financial resources the Department makes available for predevelopment activities through this Predevelopment Loan Program.
Impact Assessment	This is the first step in the ORCA process, in which Applicants will be submitting their initial project information for formal review. Upon approval of this step, Applicants will be assigned and receive their first conditional hold of resources through a Letter of Intent.
Independent Loan	Recipients of predevelopment loans do not receive any guarantee, preference, or advantage associated with applications for other OHCS development resources and financial products, including, but not limited to, the Oregon Centralized Application (ORCA) process development dollars.
Intake Form	The Intake Form is the initial point of entry for Applicants wishing to go through the ORCA process to apply for funding from OHCS. It is a high-level online form providing basic project concept information. All projects are required to begin with the Intake Form. This helps OHCS

	provide projects with early support, build our pipeline of affordable housing projects, and forecast funding requests.
Letter of Intent	In the context of the ORCA process, the OHCS Letter of Intent (LOI) is the document by which OHCS is conditionally committing resources up to an amount determined by an Applicant's Impact Assessment application. The project must be evaluated and approved by both OHCS staff and Housing Stability Council to receive this LOI. After approval of project financial structure at the Financial Eligibility step, the award amount in this letter will be amended to reflect the more specific amount.
Oregon Centralized Application (ORCA)	The process by which OHCS allows developers and project sponsors to apply for available funding for multifamily affordable housing development.
Predevelopment Loan Program or Loan	Means a loan made by the Department to an Eligible Borrower in order to finance Eligible Predevelopment Costs for an Eligible Project.
Prequalification	The process by which developer and consultants are approved to apply for the ORCA process. It includes review of portfolio performance, development experience, and legal good standing. It is not a guarantee of funding, but prequalified organizations are eligible to apply for funding.
Procorem WorkCenter	A secure portal technology solution by ProLink Solutions™ and used by OHCS to help facilitate collaboration and communication models for all Applicants and future housing partners. The Procorem WorkCenter includes a repository for electronic document submission, a task management and tracking tool, an events calendar, and communication features.
Restrictions	Limitations to ensure funds are distributed equitably.
Small Organization	An organization is defined as "small" for the PFLP if its average annual budget is less than $5,000,000 over the last 3 years, as confirmed by audited financial statements, form 990s, or any other method of confirmation approved by OHCS staff.
Tribe or Tribal	A federally recognized Native American Tribe or Indian Tribe in Oregon, as defined in ORS 182.162, or related to the same.
Tribal-led Project	A Project that is sponsored by a Tribe, a Tribally Designated Housing Entity, or an organization owned by a Tribe.

Predevelopment Loan Program

1. PROGRAM DESCRIPTION

Purpose

The purpose of the Predevelopment Loan Program (PDLP) and its subsidiary program, the Project Feasibility Loan Program (PFLP) (Where relevant, both programs are referred to as "PDLP/PFLP") is to support eligible organizations in Oregon, particularly nonprofit and culturally specific developers, by providing financial assistance for early-stage costs associated with determining and preparing for multifamily housing projects.

The state of Oregon recognizes that the demand for housing, especially affordable options, continues to outpace supply. To address this, the PDLP/PFLP aims to alleviate the financial barriers associated with assessing project feasibility and advancing early development work. Many smaller organizations, which often lack internal resources, face significant challenges in covering these initial costs.

By offering loans to cover early project expenses, including feasibility studies and predevelopment activities, the PDLP/PFLP seeks to reduce risks for these organizations and ensure they can compete effectively for construction financing. This initiative is part of Oregon's broader strategy to prioritize project readiness, expand access to funding, and accelerate development timelines, ultimately contributing to the rapid and effective utilization of resources for affordable housing.

Eligible Entities

Loans provided under the PDLP/PFLP are designed to assist various types of organizations with costs associated with early-stage project work for multifamily housing development. Each program has distinct eligibility criteria:

Project Feasibility Loan Program (PFLP)

The PFLP aims to support organizations with the costs of determining the feasibility of potential sites for multifamily housing. This loan is only available to small organizations whose average annual budget is less than $5 million over the last three years. Eligible entities for the PFLP include:

- Culturally Specific Organizations,
- Nonprofit including non-profits including public benefit and religious non-profit corporations,
- Federally recognized Indian tribes in Oregon.
- Eligibility for the PFLP requires that organizations meet the definition of a small organization as defined in OAR 813-038-0010.

Predevelopment Loan Program (PDLP)
The PDLP focuses on assisting organizations with costs related to meeting the benchmarks required to achieve project readiness.
Eligible entities for the PDLP include:

- Nonprofit organizations including public benefit and religious non-profit corporations,
- Housing Authorities,
- Federally recognized Indian tribes in Oregon.

Successful recipients of loans from either program must agree to the terms and conditions outlined in the Agreement Documents, including any repayment provisions.

ORCA set-aside eligible organizations who are Applicants for PDLP loans for a project that is on a LIHTC hold are allowed to proceed with that application (an exception to policy), when Technical Advisor's (TA) confirm meeting and discussion about the project have occurred and are ongoing. This is confirmed between the Application Team and the TA Manager when a PDLP Intake is received from a qualifying organization.

Note: For projects involving a partnership between an eligible entity and a for-profit, predevelopment loan funds can only be disbursed to the eligible entity listed in the loan agreement. A disbursement request from the for-profit would not be eligible for predevelopment loan funds. While some non-profit entities may establish a Limited Liability Company (LLC), funds can only be disbursed to the eligible entity, not the LLC.

Eligible Loan Uses for PDLP/PFLP

Loans provided under the PDLP/PFLP may be used for various costs associated with predevelopment activities or related to early-stage project development. The eligible uses for each program are as follows:

1. Project Feasibility Loan Program (PFLP)
PFLP loans may be used for the following purposes:

- Architectural and engineering services
- Costs associated with gaining site control
- Costs of surveys
- Environmental testing and appraisals
- Financial modeling
- Financing and zoning application fees
- Historical certifications and analysis
- Initial feasibility and appraisal

2. Predevelopment Loan Program (PDLP)
PDLP loans may be used for the following purposes:

- Professional services: architectural, legal, engineering
- Studies: market, environmental, traffic, land, zoning, Geotechnical, arborists, capital needs assessment

- Fees: entitlement, permits, OHCS application charges
- Community engagement efforts
- Other costs directly connected to assisting a specific development project in meeting OHCS' readiness standards, as approved by OHCS

Note: Costs associated with land acquisition are not eligible for PDLP funding.

2. PROGRAM FUNDING AND TERMS

Project Feasibility Loan Program (PFLP)

- **Funding and Caps:** The PFLP has an initial funding of $600,000 and is a subsidiary of the PDLP. Loans are capped at $50,000 per development site.
- **Loan Forgiveness and Repayment:**
    - Loans may be forgiven if the property is determined unsuitable for multi-housing development or requires additional investment beyond normal costs, subject to OHCS approval with acceptable documentation.
    - Loans confirmed for land suitability require repayment upon reaching one of the following milestones, if site control is or was held:
        - Disposition (sale) of the property site,
        - Financial closing for project construction,
        - 5 years after the completion of the feasibility study or similar.
- **Recycling of Funds:** Repaid funds return to the PFLP fund for future loans. OHCS may use any fees and interest earnings for:
    - Administrative costs,
    - Offsetting forgiven loans,
    - Rolling into the Predevelopment Loan Program,
    - Any other purpose deemed appropriate to support the Predevelopment Program or its subsidiary programs.

Predevelopment Loan Program (PDLP)

- **Funding and Caps:** The PDLP has an initial funding of $9.1 million. Loans under this program are capped at $750,000 per development project.
- **Restrictions:** PDLP loans may not be used for land acquisition. For land acquisition needs, Applicants should consider the Land Acquisition Program or contact Community Development Finance Institutions (CDFIs).
- **Interest Rates and Repayment:** Loans are provided at a reduced interest rate, with repayment due at the financial loan closing.
- **Loan Forgiveness:** Loans for projects that do not result in development may be eligible for loan forgiveness on a case-by-case basis at the discretion of OHCS.
- **Recycling of Funds:** Repaid loans will return to the PDLP fund for future loans. OHCS may use any fees and interest earnings for:
    - Administrative costs,
    - Offsetting unpaid loans,
    - Any other purpose deemed appropriate to support the Predevelopment Program

or its subsidiary programs.

Community-based Agricultural Worker Housing Predevelopment Grants - $2.5 million
Non-profit organizations that specialize in providing community-based housing to agricultural workers are also eligible to receive predevelopment funds in the form of a grant rather than a loan.

Other Restrictions

To ensure the equitable distribution of limited funds, OHCS imposes the following restrictions on both the Project Feasibility Loan Program (PFLP) and the Predevelopment Loan Program (PDLP):

- **Loan Limits:** To ensure equitable distribution of limited funds, OHCS will limit partners to having two open PFLP or PDLP loans at any given time. This includes two active predevelopment loans in the ORCA Predevelopment Loan Program Intake process, but only one can be approved or drawn at a time. Once a Commitment Letter (CL) is issued for one loan, the second loan may be submitted for approval by the Finance Committee, provided the document for the first loan is signed before proceeding with the approval of the second. To access additional PFLP or PDLP funds, any open loans must be repaid or have forgiveness approval from OHCS.
- **Accessing Additional Funds:** To access additional funds from either program, open loans must be repaid, or a letter of forgiveness must be received from OHCS for the existing loans.

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

Loan Terms & Agreements

Project Feasibility Loan Program (PFLP)
PFLP Applicants must also agree to the terms specified in the Agreement Documents to receive funding. PFLP loans are subject to the following terms:

- **Interest Rates and Fees:** PFLP loans have a 1% simple interest rate and a 1% loan fee, with a maximum term of 5 years. Interest and principal payments are deferred for the life of the loan.
- **Agreement Criteria:** The Agreement Documents will address:
  - Loan fees.
  - Loan rate.
  - Loan repayment criteria and timing.
  - Affordability Requirements: Loan funds may only be used to determine the suitability of developments proposed to comprise 5 or more units affordable to households at or below 80% AMI for no less than 30 years.
  - Loan forgiveness criteria.
  - Unsatisfied Loans: If the loan recipient does not comply with any terms of their agreement or this Predevelopment Manual, then the borrower will be required to repay OHCS the principal of the original PFLP loan and compounded interest calculated at the “current market rate” which is defined as the 10 year constant treasury maturity year

rate, as determined at the time the individual loan is closed upon, plus 2.5%.

Predevelopment Loan Program (PDLP)
PDLP Applicants must agree to the terms outlined in the Agreement Documents to receive funding. PDLP loans are subject to the following terms:

- **Interest Rates and Fees:** PDLP loans rates may vary. Loans include a maximum term of 5 years. Interest and principal payments are deferred for the life of the loan.
- **Agreement Criteria:** The Agreement Documents will address:
  - Loan fees.
  - Loan rate.
  - Loan repayment timing.
  - Affordability Requirements: Loan funds may only be used for costs directly connected to a specific development meeting OHCS's readiness standard. Eligible projects must comprise 5 or more units affordable to households at or below 80% Area Median Income (AMI) for no less than 30 years.
  - Unsatisfied Loans: If the loan recipient does not comply with any terms of their agreement or this Predevelopment Manual, then the borrower will be required to repay OHCS the principal of the original PDLP loan and compounded interest calculated at the "current market rate" which is defined as the 10 year constant treasury maturity year rate, as determined at the time the individual loan is closed upon, plus 2.5%.

Independent Resource

Recipients of loans under both the Project Feasibility Loan Program (PFLP) and the Predevelopment Loan Program (PDLP) do not receive any guarantee, preference, or advantage in connection with applications for other OHCS development resources or financial products. This includes, but is not limited to:

- **PFLP Recipients:** No guarantee or preference is associated with applications for other OHCS resources, including the Predevelopment Loan Program and Oregon Centralized Application (ORCA) process development dollars.
- **PDLP Recipients:** No guarantee or preference is associated with applications for other OHCS resources, including the Oregon Centralized Application (ORCA) process development dollars.

Each loan program operates independently with no influence on the consideration or approval of other funding applications.

3. APPLICATION PROCESS

Application Process

i. Complete the OHCS DEI Agreement Survey.

ii. Complete the OHCS Prequalification Form.

iii. Submit a completed OHCS Predevelopment Loan Intake Form.

iv. Submit a completed OHCS ORCA Intake Form.

Eligible Applicants may apply for either the Predevelopment Loan Program (PDLP) or the Project Feasibility Loan Program (PFLP) by following the specified procedures. All Applicants must meet the eligibility requirements outlined earlier, and complete the necessary forms for their respective programs:

1. **Project Feasibility Loan Program (PFLP)**
   - Complete the OHCS DEI Agreement Survey.
   - Complete the OHCS Prequalification Form.
   - Complete the online OHCS ORCA Intake Form.
   - Submit a completed OHCS Predevelopment Loan Intake Form.

2. **Predevelopment Loan Program (PDLP)**
   - Complete the OHCS DEI Agreement Survey.
   - Complete the OHCS Prequalification Form.
   - Submit a completed OHCS ORCA Intake Form.
   - Submit a completed OHCS Predevelopment Loan Intake Form.
   - Submit a completed OHCS PDLP Application Package**.**

Review and Approval:

- OHCS will not review these documents for approval until the Applicant has submitted a complete application. OHCS staff will review applications for completeness and may seek clarification or conduct discussions and negotiate award amounts, particularly if full financing is not available.

- Once all tasks are completed for a step and are submitted for evaluation OHCS generally takes 30 days to respond with any revision requests or notice that the project has met standards outlined and can proceed to the next step of the approval process.

- If there are issues with the application and/or more information is needed to complete the review, the review will take longer than 30 days. If any task is returned to the Applicant for not meeting standards, the Applicant may resubmit or re-complete a task. It may take up to 30 days for OHCS staff to evaluate your submission.

- If additional information or revisions are not required, OHCS staff will prepare to bring the project to the Finance Committee for approval.

It could take up to an additional 15 days or more for project financing to be approved by the Finance Committee depending on when the review is complete and the Finance Committee schedule.

Evaluation Criteria

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

i. Eligibility of proposed uses of funds;

   - The eligibility analysis will include consideration of the direct connection of costs requested to the Applicant's project achieving OHCS Impact Assessment and/or Financial Feasibility readiness standards.

ii. 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;

   - Capacity analysis reviews previous projects, if any, that have been completed by Applicant and their success at reaching financial closing in a timely manner. Only organizations that have proven that they can accomplish this will be eligible for funding.

   - The only exception to this criterion is that, for organizations eligible for PFLP funding, this analysis will be less stringent. An acceptable plan, timeline, and consideration of barriers and how to overcome them, will be deemed sufficient. If an organization has received PFLP funding, an explanation of how that funding proved project feasibility will also be required.

iii. Organization's housing plan is well thought out and attainable;
iv. Leveraging of other sources of predevelopment funding; and
v. Balancing need and geographic distribution.

PDLP Application Package

The first step of the funding process is to submit an OHCS Predevelopment Loan Intake Form. This web-based form can be accessed through the Predevelopment website. The Program Manager will evaluate completed forms and determine if a project can move on to the application steps of the funding process.

Note: When considering activities to be funded with OHCS Predevelopment resources, please be aware that projects considering federal funds or project-based vouchers from any source may not conduct anticipatory demolition prior to application of federal resources. Once federal funds have been applied for or offered, restrictions on choice-limiting actions including, but not limited to, acquisition, leasing, rehabilitation, demolition, or ground-disturbing work, will be in effect until completion of the federally-required environmental review process.

Upon approval to move forward, Applicants will receive credentials to access their project-specific Predevelopment Procorem WorkCenter, where they will have access to the evaluation standards and tasks to complete to meet the evaluation standards. The Procorem WorkCenter will include tasks related to each evaluation standard that both the Applicant and needs to check-mark when complete. OHCS staff will also check-mark tasks when review is complete. Please use the Tasks listed in your WorkCenter to verify that your PDLP application includes all the required supplemental documents. Please include the following information in or upload as an attachment to your WorkCenter:

1. Application

The purpose of PDLP is to provide a source of financing for the predevelopment costs required to achieve OHCS's readiness standard for affordable housing development. As such, we understand that the proposed development is in the concept stage and will most likely change over time. Based upon this premise, your development plan should be preliminary and reflect a concept rather than a final project. With that being said, we ask Applicants to include as much detail as possible, as it will help to assess the likelihood of the project reaching that readiness standard, and eventually receiving construction financing, which is the primary goal for this resource investment.

- **Applicant Information:** This section includes key information about the Applicant, including organization name, type of organization, location, and contact details.

- **Project Information:** This section requires Applicant to respond with project information including project name, location, type, total proposed units, any proposed mixed use or mixed income features, and an estimated total development cost.

- **OHCS Predevelopment Loan Request:** This is where an Applicant will list the amount requested for their Predevelopment Loan. The Applicant must also list any funding received under the PFLP. If the Applicant has not, but would like to, receive PFLP funding, they must use the PFLP application. Please refer to the PFLP portion of this manual.

- **Predevelopment Uses:** Applicant must list the proposed uses of the requested predevelopment funds. All uses must be approved as eligible by OHCS staff, and the total cost of uses listed must equal the requested amount. If the Applicant is seeking a collaborative loan or other funding for predevelopment costs for the project, the Applicant must list the costs that this program specifically will be paying for and include an explanation in the space provided of what additional costs are being paid for by another source, what that source is, and what the commitment status of those resources are.

- **Project Description:** Applicant should describe the proposed project, including populations served, affordability and unit mix, and anticipated community impact, as well as any other critical high-level details for OHCS to be aware of about the project pertinent to its predevelopment needs.

- **Site Description:** Applicant should generally describe the site the project will be constructed on. The description should include location details, such as access to amenities like schools, parks, grocery stores, transit, and/or cultural centers. It should also describe topography and provide any other details of the site that may impact construction cost and/or timelines, or long-term livability (e.g. train tracks adjacent, etc.).

- **Community Process:** Applicant should describe any anticipated, current, or completed community process related to the project, including community meetings, and outreach to neighborhood organizations and residents. The description should include anticipated sources of support and/or opposition.

- **Municipal Support:** Applicant should describe any municipal support for the project, including any disposition of public property for the site, commitment of local funds, waiver of fees, or other contribution that impacts the project. If a municipality is not providing project support, and is additionally not supportive of the project, please describe the opposition and plan for overcoming that barrier.

- **Project Design:** Applicant should provide a high-level overview of the project's design, including building type, style, number of floors, number of elevators, unit mix, and any community space. Applicant must note the number of accessible units and include planned visitability features (as defined by ORS 456.510). Applicant must also address the plan for vehicle parking at the project site, including the number of off-street parking spaces and type of parking (e.g. structured or surface) being planned for.

- **Proposed Development Schedule:** Applicant should include a completed development schedule with proposed dates for key Project milestones that aligns with expectations for the OHCS ORCA process.

- **Proposed Project Financing:** Applicant must list the project's proposed financing, including reasonable cost projections categorized at the high level provided in the table within the application, as well as all anticipated sources and their commitment status. This proposed budget must balance, or the application will be rejected, and Applicant must reapply once they have a plan for filling out their funding stack.

- **Financing Plan:** Applicant should use the Financing Plan section to elaborate on details from their Sources and Uses table, including plans for applying for or accessing funding that is not yet committed.

- **Proposed Monthly Rents:** The Applicant must fill out a unit mix table which shows the number of units at each AMI level and bedroom size anticipated in the final design of their project.

- **Development Team Members:** Applicant should list all members of the Project's development team that have been brought in thus far. Please do not include anticipated members if the agreements are not formalized yet.

- **Development Team Selection:** Applicant should describe how their development team has been, and will be, selected. Include considerations made around Black, Indigenous, and other people of color (BIPOC) owned businesses and Minority-owned, Woman-owned, and Emerging Small Business (MWESB) utilization, and recent experience with projects for team members, particularly if Applicant has taken affirmative steps to collaborate with such businesses on prior development projects. If contracts are in place for either hard or soft cost services, please provide those details.

2. Vicinity Map

Applicant should include a vicinity map showing distance to amenities as well as detailed site maps and/or renderings, if available.

3. Site Control Evidence

Applicant should explain the form of its site control and status of ownership, or the plans to acquire the site and proposed acquisition date. Include proof of site control and appraisal that lists OHCS as an intended user, if Applicant has them already. If no appraisal has been completed, describe the status of those reports.

4. Zoning Form and Other Public Approvals

Applicant should complete and submit an OHCS Zoning Form affirming the site is properly zoned for the intended type of Project or if not properly zoned, provide a timeline for proper zoning being complete.

5. Environmental Reports

Applicant should include all environmental reports that are available at the time of application. If no environmental report has been completed, Applicant should identify known or suspected environmental conditions at the site and their plan for having the necessary environmental reports completed. Environmental reports older than 12 months can be used for reference, however, a newer report will be required at a later date. vi. Community Process Applicant should describe any anticipated, ongoing, or completed community process related to this project, including community meetings and outreach conducted to neighborhood organizations and residents. Applicant must include any anticipated sources of support and opposition.

6. Construction Cost Estimates

Applicant should explain approach for preparing project cost estimates and what information source(s) they used, and include a construction estimate if available. Applicant should also report any innovative design or construction techniques planned for the project.

7. Services Plan (if applicable)

Applicant should include a description of the plan for providing resident services to tenants, including any supportive services proposed for the Project (required if Project will include Permanent Supportive Housing units). Applicant should include the cost of those services and sources of funding. Include any signed Memorandums of Understanding (MOUs) or other agreements Applicant has with service provider, or, if not available yet, identify the entity that the Applicant plans to work with on this project and plan for formalizing their agreement.

8. Relocation

Applicant must declare whether any tenants of an existing building will be relocated or displaced as a result of this Project, and, if so, describe the relocation plan. If a formal relocation plan exists, Applicant should also submit that document.

9. Loan Uses Budget

Applicant should provide a detailed description of the specific costs that the loan will be used to finance, and how this is necessary for the specific project to reach project readiness as defined by OHCS. Sources requested must equal uses described to receive funding, unless another funding source is identified.

10. Entity Document
Applicant should provide a copy of Oregon Secretary of State filing and IRS 501(c)(3) letter.

11. Board of Directors Approval Resolution
Applicant should provide a copy of the Board Resolution indicating approval for pursuing this funding.

12. Predevelopment Proforma Application
The Predevelopment Proforma requests the following information on the various tabs:

- Property Information Tab
    - Project location information
    - Project Type
    - Unit Mix
    - Rental Assistance
    - Total Development Cost
- Development Timing and Team Tab
    - Applicant/Developer information
    - Development Team information
    - Development Schedule
- Predevelopment Information Tab
    - Funding request
    - Predevelopment costs
    - Matching fund (Collaborative loan only)

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

Additional Due Diligence Items
OHCS requires proof of insurance at time of loan closing. OHCS shall receive a Certificate of Insurance at least annually while the Predevelopment loan is in place. Changes at any time shall result in the submission of an updated Certificate of Insurance to OHCS.

The required types of insurance include worker's compensation and employers' liability, commercial general liability, and Directors and Officers coverage.

Coverage Limits:

- Commercial General Liability: Not less than $1,000,000 per occurrence and not less than $2,000,000 annual aggregate limit.
- Professional Liability: Not less than $1,000,000 per claim and not less than $2,000,000 annual aggregate limit.
- Directors and Officers Coverage: Not less than $1,000,000 per claim.

Further details are included in the loan document.

PDLP Collaborative Loan Application Process

The application process for organizations that have secured or are working to secure a predevelopment loan of a matching or greater amount from a third-party lender, will differ from the process for other Applicants, however the terms of the loan and other requirements are the same. Such Applicants must follow the same intake process as all other organizations seeking Predevelopment funding, however, a referral will be provided by the third-party lender, who will work with OHCS staff to provide the necessary documentation OHCS requires to evaluate their portion of the collaborative loan.

If OHCS requires additional information from an Applicant, the Applicant will be informed directly by OHCS staff and given a reasonable period of time to provide the necessary information or documentation. If the Applicant is nonresponsive, OHCS will remove the application from the queue, the application charge will be retained by OHCS, and that Applicant will need to reapply.

Applicants working with a third-party lender may also initiate the collaborative loan process with OHCS. Such an Applicant must provide OHCS with the PDLP application. In addition, the Applicant is required to work with a third-party lender and provide the anticipated loan amount from the CDFI as part of the sources and uses document provided to OHCS.

Application Charge and Other Costs

Once OHCS receives a Predevelopment Program Intake Form, it will create a Procorem WorkCenter for the Applicant. Applicants must submit application materials through Procorem WorkCenter. After they receive access to their WorkCenter, Applicants will receive instructions on how to submit the PFLP/PDLP application fee through Procorem WorkCenter.

- If the $500 application fee is not received, the application will be considered non-responsive and will not be reviewed or considered for funding.
- If OHCS is unable to consider the application because there is not sufficient funding remaining in either PFLP/PDLP 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 ‘Fund Oversubscription/Tiebreakers’ section for information on tiebreaking.

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

Note: OHCS may charge, and the Applicant shall pay, legal and administrative costs reasonably anticipated or incurred by OHCS in negotiating and preparing Agreement Documents and other related documents. OHCS also may charge, and Applicant shall pay, any other fees allowed by OHCS administrative rules with respect to the application, ensuing Letter of Intent, Allocation,

and Project operation.

Application Awards

Applications will be reviewed through a non-competitive process on a rolling first come, first reviewed basis as applications are determined eligible and as program resources allow. Eligibility consideration includes timely receipt of any application charges. If an application is determined to be incomplete, a date and time of application will not be given until the application is determined complete and meeting program requirements by OHCS staff. Incomplete applications will not be considered for award until determined complete by OHCS staff. Ineligible applications will not be considered for award.

After receiving loan approval from the Finance Committee, OHCS staff will issue a Reservation of Funds for the project to the Applicant. Successful loan recipients must agree to the terms and conditions of the loan including payback provisions, which apply when OHCS, in its sole discretion, determines that the actions taken in conjunction with the Project Feasibility Loan indicate that development of a multi-family housing project is feasible at a cost that is typical for the specified area.

The Loan Funds will be disbursed to Recipient on an expense reimbursement or costs-incurred basis. The Recipient must submit each disbursement request for the Loan Funds on an OHCS-provided or OHCS-approved disbursement request form ("Disbursement Request"). Predevelopment costs incurred up to one year prior to application, including design and other eligible predevelopment activities, may be reimbursed through a draw process, upon loan approval.

Extension Requests

If an application is approved, OHCS will issue a Commitment Letter (CL) to the Applicant. An Applicant must sign and return the CL to OHCS within 15 calendar days of the date of the CL. An Applicant that fails to meet that deadline will be deemed to have declined the funding offer. The signed CL 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 CL if OHCS determines there is a 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 a CL is not signed and returned to OHCS by the applicable deadline, the CL shall be deemed rescinded and OHCS will issue a formal declaration of declination.

Program Goals and Reporting Requirements

OHCS is required to annually report to the Legislature on three established performance measures: the ability of eligible organizations to access land for affordable housing development; the total number of dwelling units developed 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. Predevelopment awardees are required to annually record and report data that

enable OHCS to meet its reporting requirements.

Fund Oversubscription/Tiebreakers

The intent of the PDLP is to be responsive to eligible organizational demands around predevelopment costs that are now necessary for organizations to incur prior to being able to access funding from OHCS for affordable housing. To that end, PDLP is a first come, first to be reviewed for funding program with criteria designed for approval of an application on its own merits as opposed to a competitive scoring process. Due to limited resources, Applicants must be referred to the program by a Technical Advisor. However, if multiple applications are received on the same day which would result in PDLP financing funds being oversubscribed, the following tiebreaker system will be used.

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

i. OHCS will provide loan funds to the Applicant that has accessed or is eligible for PFLP resources.

ii. If a funding determination cannot be made from application of subsection i above, OHCS will provide loan funds to the Applicant that is also leveraging other internal (LAP or GHAP Capacity Building), or external sources (CDFI collaborative loan) for predevelopment funding.

iii. If a funding determination cannot be made from use of subsection i or ii above, OHCS will provide loan funds to the project with the highest number of proposed units.

Disclosure

OHCS reserves the right to retain all applications submitted. All materials and information provided are subject to public disclosure unless specifically exempt under the Oregon Public Records Act (ORS 192.311 through ORS 192.478). There is no guarantee that any materials submitted can be protected from public review and copying.

Additionally, OHCS reserves the right, while exercising its lawful discretionary authority, to reject any and all applications and to negotiate acceptable applications with selected Applicants.

Program Opening & Closing

OHCS will announce the opening and closing of both the PDLP/PFLP through a technical advisory and an announcement on the OHCS website. Each program operates independently, and announcements for one program do not affect the availability of the other unless specifically noted.

1. Program Opening & Closing

- **Program Opening:** Both the PDLP/PFLP will remain open until all funds are exhausted or an announcement about closing the program is made. The programs are independent of each other, and funding announcements for one program do not influence the other.

- **Program Closing:**
    - **PFLP:** The PFLP will close when funding levels fall below the $50,000 maximum loan amount. Closing will be announced via a Technical Advisory and posted on the OHCS website. Applications received prior to the closing announcement but not funded will receive application charge refunds, and Applicants will be notified. If some funding is available, the next Applicant may choose to accept reduced funding or withdraw their application until additional funding is available.
    - **PDLP:** The PDLP will close when funding levels fall below the $750,000 maximum loan amount. Closing will be announced via a Technical Advisory and posted on the OHCS website. Applications received prior to the closing announcement and unable to be funded will receive application charge refunds, and Applicants will be notified. Applications requesting less than the maximum loan amount will be prioritized until funds are exhausted. If some funding remains, the next Applicant may choose to accept reduced funding or withdraw until additional funds are available.
- **Program Re-Opening:**
    - **PFLP:** The PFLP is a revolving loan program, and loan repayments are expected to replenish the fund. The program may also receive additional funding from the Legislature. When funding levels exceed $150,000, the program will resume accepting applications. Applications that were received prior to closing will not retain their position and must reapply. However, Applicants who accepted reduced funds and can demonstrate the continued need for additional funds will be granted the remaining portion of their request before new applications are funded.
    - **PDLP:** The PDLP is a revolving loan program, and loan repayments are expected to replenish the fund. Additionally, OHCS may receive further funding from the Legislature. When funding levels exceed $1,500,000, the program will resume accepting applications. Applications that were received prior to closing will not retain their position and must reapply.

Reservation Of Rights

OHCS reserves all other rights not specifically identified herein, including but not limited to rights, remedies, and requirements established in OHCS administrative rules or other law.

AMEND: 813-038-0010

RULE SUMMARY: To update the definition of Culturally Specific Organization (CSO) and reflect HB 2964 (2025) requirements.

CHANGES TO RULE:

813-038-0010
Definitions ¶

All words and terms used in OAR chapter 813, division 038, except as the context specifically requires, are defined in ORS 456.515 to 456.725, in 813-005-0005, or herein. As used in these rules, the following words and terms have the following meaning unless the context clearly indicates otherwise:¶
(1) "Application" means a Loan request provided by the Eligible Borrower to the Department in a form and format as prescribed by the Department and modified from time to time reflecting current Program criteria.¶
(2) "Commitment Letter" or "Commitment" means the written conditional obligation of the Department to provide a Loan issued to the Borrower after the Department has received, reviewed and determined to approve a Loan request. The Department has no obligation to approve. The Commitment Letter may be for an amount different than the applicant request, and may include, but is not necessarily limited to stating the approved loan amount, interest rate, costs of borrowing, repayment terms, performance criteria, monthly reporting requirements and other conditions of the Loan.¶
(3) Communities of Color: identity-based communities that hold a primary racial identity that describes shared racial characteristics among community members. The term aims to define a characteristic of the community that its members share (such as being African American) that supports self-definition by community members, and that typically denotes a shared history and current/historic experiences of racism. An older term for Communities of Color is that of "minority communities" which is increasingly inaccurate given that people of color are majority identities on a global level. That term has also been rejected for its potential to infer any inferior characteristics. The community may or may not also be a geographic community. Given that race is a socially defined construct, the definitions of these communities are dynamic and evolve across time. The Coalition of Communities of Color defines Communities of Color to include Native Americans, Latinos, Asian and Pacific Islanders (further disaggregated according to local preferences), African Americans, African Immigrants and Refugees, Middle Eastern, and Slavic communities.¶
(4) Culturally Specific Organization (CSO): an entity that provides services to a cultural community and the entity has the following characteristics:¶
(a) Majority of members and/or clients must be from a particular cultural community that has faced housing discrimination;¶
(b) Organizational environment is culturally focused, and the cultural community being served recognizes it as a culturally-specific entity that provides culturally and linguistically responsive services;¶
(c) Majority of staff must be from the cultural community being served, and the majority of the leadership (defined to collectively include board members and management positions) must be from the cultural community being served;¶
(d) The entity has a track record of successful ~~cultural~~ community engagement and involvement with the cultural community being served, rooted on a foundation of respect and trust; and¶
(e) The organization engages in advocacy for housing and/or economic justice for the cultural community with their guidance.¶
(5) "Eligible Borrower" or "Borrower" means a non-profit, including public benefit or religious non-profit corporation, housing authority or tribal entity who satisfies the legal, financial, and other criteria of the Department for receipt of a Loan and who has or will make a Loan request that will qualify for approval by the Department.¶
(6) "Eligible Predevelopment Costs" means costs associated with predevelopment activities as allowable by the Department.¶
(7) "Eligible Project" means the new construction or acquisition and rehabilitation of affordable multi-family rental housing with a minimum of five (5) units that comply with Program requirements as determined by the Department. ¶
(8) "Funds" means the financial resources the Department makes available for predevelopment activities through this Predevelopment Loan Program.¶
(9) "Predevelopment Loan" or "Loan" means a loan made by the Department to a Eligible Borrower in order to finance Eligible Predevelopment Costs for an Eligible Project.¶
(10) ~~Rural Communities: The OHCS Rural - Urban definition first evaluates housing density by census tract. Those tracts with 640 or more housing units per square mile are tentatively considered urban, below 640 housing units is~~

~~rural. Next, OHCS uses the National Center for Health Statistics County Schema to better understand what the economic and geographic environment (probably a better word for this) the tract is part of. About 3.5% or 35 of 1,002 tracts were affected by the county code matrix. Rural tracts in an urban core county (e.g. Multnomah) shift to urban, urban tracts in rural or noncore counties flip to rural (e.g. downtown Klamath Falls).~~ ¶
~~(11)~~ Small Organization: An organization is defined as "small" for the PFLP if its average annual budget is less than $5,000,000 over the last 3 years, as confirmed by audited financial statements, form 990s, or any other method of confirmation approved by OHCS staff.¶
(1~~2~~1) Tribe or Tribal: A federally recognized Native American Tribe or Indian Tribe in Oregon, as defined in ORS 182.162, or related to the same.¶
(1~~3~~2) Tribal-led Project: A Project that is sponsored by a Tribe, a Tribally Designated Housing Entity, or an organization owned by a Tribe.
Statutory/Other Authority: ORS 183.341, 456.555(2), 456.625(12), HB 2964 (2025)
Statutes/Other Implemented: ORS 456.561, 456.574, 456.620, 456.625