



Draft Program Framework

Moderate-Income Housing Revolving Loan (MIRL) Program

October 2024

I. Program Intent

The Moderate-Income Revolving Loan (MIRL) program, one of many provisions in SB 1537 (2024), is established through a \$75 million dollar Housing Project Revolving Loan fund created for the purposes of program implementation. The program is intended to expand moderate-income housing production across the state through a revolving loan structure. The bill gives OHCS the authority to make zero-interest loans to cities and counties – or “sponsoring jurisdictions” – who then award those funds in the form of grants for eligible housing developments to cover eligible costs.

This program is limited to the development of new housing, or conversions, for households earning 120 percent or less of the area median income (AMI) but can be used for either multifamily or homeownership investments. Grant recipients – housing developers – will receive a property tax exemption for any improvements (i.e., building a moderate-income housing development) to the property, and in exchange, will pay an annual fee for an assumed period of approximately 10 years, with exceptions at the discretion of the agency. The fees paid back to the Sponsoring Jurisdiction in lieu of the increased property taxes are used by the Sponsoring Jurisdiction to pay back the loan to OHCS.

Eligible uses for these grants include infrastructure, pre-development, construction, and land acquisition costs. By statute, OHCS will set a period of affordability for housing projects utilizing these resources for the term of the loan or 10 years, whichever is greater. As cities’ loan payments are made to OHCS, the agency may issue new loans for additional moderate-income housing developments, utilizing the recycled funds.

II. Program Terms & Definitions

“**Assessor,**” “**tax collector**” and “**treasurer**” mean the individual filling that county office so named or any county officer performing the functions of the office under another name.

“**County tax officers**” and “**tax officers**” mean the assessor, tax collector and treasurer of a county.

“**Eligible costs**” means the following costs associated with an eligible housing project:

- (a) Infrastructure costs, including, but not limited to, system development charges;
- (b) Predevelopment costs;
- (c) Construction costs; and
- (d) Land write-downs.

Costs meeting the criteria above may be considered eligible for reimbursement if they were incurred no more than 12 months preceding the date on which the eligible housing project received local site approval.

“**Eligible housing project**” means a project to construct housing, or to convert a building from a nonresidential use to housing, that is:

- (a) Affordable to households with low income or moderate-income as those terms are defined in ORS 458.610;
- (b) If for-sale property, a single-family dwelling, middle housing as defined in ORS 197A.420, or a multifamily dwelling that is affordable as described in paragraph (a) of this subsection continuously from initial sale to the longer of either a 10 year period or the term of the loan related to the property sale; or
- (c) If rental property:
 - (A) (i) Middle housing as defined in ORS 197A.420;
 - (ii) A multifamily dwelling;
 - (iii) An accessory dwelling unit as defined in ORS 215.501; or
 - (iv) Any other form of affordable housing or moderate-income housing; and
 - (B) Rented at a monthly rate that is affordable to households with an annual income not greater than 120 percent of the area median income, such affordability to be maintained for the longer of either a 10-year period or the term of the loan related to the rental property.

“**Eligible housing project property**” means the taxable real and personal property constituting the improvements of an eligible housing project.

“Fee payer” means, for any property tax year, the person responsible for paying ad valorem property taxes on eligible housing project property to which a grant is awarded under Section 9.

“Fire district taxes” means property taxes levied by fire districts within whose territory all or a portion of eligible housing project property is located.

“Nonexempt property” means property other than eligible housing project property in the tax account that includes eligible housing project property.

“Nonexempt taxes” means the ad valorem property taxes assessed on nonexempt property.

“Sponsoring jurisdiction” means:

- (a) (A) A city with respect to eligible housing projects located within the city boundaries; or
- (B) A county with respect to eligible housing projects located in urban unincorporated areas of the county; or
- (b) The governing body of a city or county described in paragraph (a) of this subsection.

III. Program Overview

A Sponsoring Jurisdiction may establish a local Moderate-Income Housing Revolving Loan Program (MIRL) in alignment with the parameters of the MIRL requirements as established by SB 1537 and Oregon Housing & Community Services (OHCS). MIRL Sponsoring Jurisdictions have the ability to tailor aspects of the MIRL to meet the needs of local jurisdictions. MIRL has been established to provide grant dollars to moderate- and low-income housing developments to encourage housing development in Oregon communities.

Grant Dollars

Grant dollars, received by approved applicants prior to development, cannot exceed a tax abatement amount that the Sponsoring Jurisdiction approves for the proposed development. The tax abatement exempts improvements made to the property (fire district taxes are the exception and are not exempted), for a period of approximately 10 years after the development has been improved. The difference (less fire district taxes) between the estimated taxes that would be owed on the improved value of the property less the unimproved property taxes over a period of time agreed upon by the Sponsoring Jurisdiction and OHCS, generally 10 years, is the maximum grant amount that could be provided.

Fee Requirement

Though the Sponsoring Jurisdiction is granting these dollars to the developer, the abated taxes are still recouped through a fee. The fee is collected at the same time as property taxes are collected and through the same billing method as the unimproved taxes (including improved Fire District Taxes). These fees are used to repay the loan that the Sponsoring Jurisdiction received from Oregon Housing & Community Services (OHCS) in the original grant and are revolved back into the Housing Project Revolving Loan Fund.

At the end of the agreed upon abatement period, the fees paid during the abatement period should have reimbursed the Sponsoring Jurisdiction for the entire amount of the original grant award and subsequently this is used to repay the loan from OHCS in full.

IV. Program Establishment

To participate and receive access to available MIRL loans, Sponsoring Jurisdictions must do the following:

- (A) Consult with the applicable governing body (city or county) with territory inside the boundaries of the sponsoring jurisdiction.
- (B) Adopt a program by resolution or ordinance under which the Sponsoring Jurisdiction awards grants to developers for eligible costs.
 - a. Resolutions or ordinances shall set forth:
 - 1. The kinds of eligible housing projects for which a developer may seek a grant under the program; and
 - 2. Any additional local eligibility requirements imposed on the projects and developments outside of the standards established by OHCS and SB 1537 (2024).

A sponsoring jurisdiction may amend an ordinance or resolution at any time. The amendments shall apply only to applications on or after the effective date of the ordinance or resolution.

Program establishment is optional for governing bodies but only Sponsoring Jurisdictions that have established a program are eligible for MIHLRP loans.

V. Application Requirements

A sponsoring jurisdiction that establishes a MIRL grant is required to establish a local application process. The process must include all necessary documents, including any and all documentation required by OHCS, any prescribed forms, including the required OHCS provided proforma, and must establish timeframes and deadlines associated with the grant process.

An application for a MIRL grant must include, at a minimum:

- (A) A description of the eligible housing project;
- (B) A detailed explanation of the affordability of the eligible housing project;
- (C) An itemized description of the eligible costs for which the grant is sought;
- (D) The proposed schedule for completion of the eligible housing project;
- (E) A project pro forma demonstrating that the project would not be economically feasible but for receipt of the grant moneys; and
- (F) Any other information, documentation or attestation that the sponsoring jurisdiction considers necessary or convenient for the application review process. This includes but may not be limited to:
 - a. Any additional local requirements established on the applicant by the Sponsoring Jurisdiction

VI Application Review – Sponsoring Jurisdiction

- (1) Sponsoring Jurisdictions will complete the review of a MIRL application within 90 days following the receipt of the completed application.
 - (A) The sponsoring jurisdiction may in its sole discretion extend the review process beyond 90 days if the volume of applications would make timely completion of the review process unlikely.
 - (B) The sponsoring jurisdiction may consult with a developer about the developer's application, and the developer, after the consultation, may amend the application on or before a deadline set by the sponsoring jurisdiction.
- (2) Once the application has been reviewed, and if determined complete, the sponsoring jurisdiction is responsible to:
 - (A) Request that the county tax officers provide to the Sponsoring Jurisdiction the amounts determined under *Assessment Determination Process* - Section VII;
 - (B) Set the term of the loan that will fund the grant award for a period not to exceed the greater of:
 - 1. Ten years following July 1 of the first property tax year for which the completed eligible housing project property is estimated to be considered; or
 - 2. If agreed upon by the Sponsoring Jurisdiction and OHCS, the period required for the loan principal and fees to be repaid in full;
 - a. In the event a Sponsoring Jurisdiction requests or agrees to a loan term that is outside of the standard 10-year term as described in this framework, the Sponsoring Jurisdiction will request this special condition as part of their approval submittal to OHCS. OHCS will review this request and make a determination within their normal approval process.
 - (C) Set the amount of the grant that may be awarded to the developer under *Loans to Sponsoring Jurisdictions* – Section X, by multiplying the increment determined

under *Assessment Determination Process* - Section VII Part 1(c) by the term of the loan; and

(D) Make one of the following application determinations:

1. Provisionally approve the application as submitted;
2. Provisionally approve the application on terms other than those requested in the application; or
 - a. If the application is provisionally approved on terms other than those requested, the Sponsoring Jurisdiction will request written acceptance from the applicant of the modified terms. If the applicant does not agree with the modified terms the application is rejected. If approved, the written agreement will be a part of the provisional package sent to OHCS.
3. Reject the application If the application is rejected, the sponsoring jurisdiction is responsible to notify the applicant of the determination with an explanation as to why the application was rejected.

If the application is not determined complete and the Sponsoring Jurisdiction has provided the applicant with any locally determined allowable resolution processes, the application is rejected. Upon rejection determination, the Sponsoring Jurisdiction's review process ceases.

(3) If the Sponsoring Jurisdiction provides provision approval to the application, they will forward the application to the Housing and Community Services Department for loan approval.

Note: Provisional approval does not guarantee the applicant grant approval. Grant approval is only provided after OHCS has provided the Sponsoring Jurisdiction with loan approval on the application. Provisional approvals are still subject to application rejection.

VII Assessment Determination Process

(1) Upon receipt of an eligible MIRL application, the Sponsoring Jurisdiction will request the assessor of the county in which the eligible housing project is to be built to make a determination of grant award eligibility utilizing the following methodology:

- (A) Using the last certified assessment roll for the property tax year in which the MIHLRP application is received:
 - a. Determine the amount of property taxes assessed against all tax accounts that include the eligible housing project property; and
 - b. Subtract the amount of operating taxes as defined in ORS 310.055 and local option taxes as defined in ORS 310.202 levied by fire districts from the amount determined under subparagraph (a) of this paragraph.
- (B) For the first property tax year for which the completed eligible housing project property is estimated to be considered:

- (a) Determine the estimated amount of property taxes that will be assessed against all tax accounts that include the eligible housing project property; and
 - (b) Subtract the estimated amount of operating taxes and local option taxes levied by fire districts from the amount determined under subparagraph (a) of this paragraph.
 - (C) Determine the amount of the increment that results from subtracting the amount determined under subsection (1)(A) of this section from the amount determined under subsection (1)(B) of this section.
2. As soon as practicable after determining amounts under this section, the county tax officers shall provide written notice to the sponsoring jurisdiction of the amounts

VIII OHCS Responsibilities

1. Upon receiving a provisionally approved application from a Sponsoring Jurisdiction, OHCS will do the following:
 - (A) Verify that the Sponsoring Jurisdiction has met all requirements necessary to establish an eligible MIRL
 - (B) Review the provisionally approved application(s) for completeness, including, but not limited to, the completeness of the project pro forma submitted with the application under subsection (1)(b)(E) of this section and the amounts computed under Section VII Part 1 and notify the sponsoring jurisdiction of its determination.
2. If OHCS has determined that a provisionally approved application is incomplete, OHCS will inform the Sponsoring Jurisdiction, providing them with the opportunity to either:
 - (A) Consult with the applicant developer to resolve the issue and request that OHCS reconsider the provisionally approved application after the applicant revises it; or
 - (B) Reject the provisionally approved application.
3. If OHCS has determined that a provisionally approved application is complete, the approval shall be final.
4. OHCS is responsible to notify the Sponsoring Jurisdiction of their determination. Notification may be provided in the form of e-mail, written correspondence or any other acceptable criteria as agreed to by the Sponsoring Jurisdiction. OHCS determinations are final.
5. Developers with rejected applications may reapply at any time.
6. When OHCS approves an application, it will take the following actions:
 - (A) OHCS will enter into a loan agreement with the Sponsoring Jurisdiction and pay them out of the Housing Revolving Loan Fund, an amount equal to:
 - a. The grant award for the application set under *Application Review – Sponsoring Jurisdiction*, Section VI Part 2(c); plus
 - b. Administrative Costs as set forth in Part 7 of this Section

7. All MIRL loans entered into by OHCS will include Administrative Costs that will be paid to the Sponsoring Jurisdiction by OHCS out of the Housing Project Revolving Loan Fund. The Sponsoring Jurisdiction is responsible to transfer the reimbursement amount for County tax offices to that local governmental entity. Administration Costs are paid out at the following rates:
 - (A) An amount not greater than five percent of the loan proceeds to reimburse the sponsoring jurisdiction for the costs of administering the grant program, other than the costs of tax administration; plus
 - (B) An amount equal to one percent of the loan proceeds to be transferred to the county in which the sponsoring jurisdiction is situated to reimburse the county for the costs of the tax administration of the grant program by the county tax officers.
8. A Sponsoring Jurisdiction may request assistance from OHCS in performance of their duties. OHCS has the right to deny assistance at any time due to capacity limitations, non-cooperation, or for any other reason or for no reason as determined by OHCS. OHCS will not perform duties for local tax assessors.

IX Sponsoring Jurisdictions Responsibilities

1. The sponsoring jurisdiction shall notify each applicant and OHCS of the final approval determination and the amount of the grant award.
2. The rejection of an application and the amount of a grant award may not be appealed, but a developer may reapply for a grant at any time within the applicable deadlines of the grant program for the same or another eligible housing project.
3. The Sponsoring Jurisdiction is responsible to provide annual reporting as required by OHCS. Reporting information will be determined by OHCS but should minimally include:
 - a. Grants received
 - b. Loans distributed
 - c. Loans obligated
 - d. Total fee revenue owed
 - e. Total fee revenue received
 - f. Contact information of grant recipients
 - g. Contact information of Sponsoring Jurisdiction
4. The Sponsoring Jurisdiction is responsible for compliance of all loan and grant terms. This includes but is not limited to:
 - a. Fee payment
 - b. Adherence to Property/Tenant/Resident, Income Restrictions (for the entire agreed-upon term)
 - c. Proper distribution of payments
 - d. Adherence to grant utilization restrictions (did the applicant use funds only for eligible costs)

- e. Payment of Administrative Costs to the County for reimbursement of tax administration associated with MIRL duties.
5. Upon entering into a MIRL loan agreement with OHCS, a sponsoring jurisdiction shall offer a grant agreement to each developer whose application was approved by OHCS.
6. Grant agreements shall minimally include the following:
 - a. Include a grant award in the amount set under Section VI, Part 2 (C); and
 - b. Contain terms that:
 - (1) Are required under the Program or the ordinance or resolution adopted by the sponsoring jurisdiction pursuant to Section IV.
 - (2) Do not conflict with the requirements of this Program or the ordinance or resolution adopted by the sponsoring jurisdiction pursuant to Section IV.
7. Upon entering into a grant agreement with a developer, a sponsoring jurisdiction shall adopt an ordinance or resolution setting forth the details of the eligible housing project that is the subject of the agreement, including but not limited to:
 - a. A description of the eligible housing project;
 - b. An itemized description of the eligible costs;
 - c. The amount and terms of the grant award;
 - d. Written notice that the eligible housing project property is exempt from property taxation in accordance with Section 30 of SB 1537; and
 - e. A statement declaring that the grant has been awarded in response to the housing needs of communities within the sponsoring jurisdiction.
8. Unless otherwise specified in the grant agreement, as soon as practicable after the ordinance or resolution required under subsection (5) of this section becomes effective, the sponsoring jurisdiction shall distribute the loan proceeds received from OHCS under *OHCS' Responsibilities* - Section 8 Part 6 of this framework to the developer as the grant moneys awarded under this section.
9. The sponsoring jurisdiction shall forward to the tax officers of the county in which the eligible housing project is located a copy of the grant agreement, the ordinance or resolution and any other material the sponsoring jurisdiction considers necessary for the tax officers to perform their duties as required under Section 24 to 35 of SB 1537 (2024) or the ordinance or resolution.
10. The Sponsoring Jurisdiction shall notify OHCS when an eligible housing project has been completed and when fee collection and loan repayment will begin. Fee collection by the Sponsoring Jurisdiction will generally begin utilizing the following guidance:
 - (A) If an eligible housing project is completed before July 1 of the assessment year, repayment shall begin with the property tax year that begins on July 1 of the assessment year.
 - (B) If an eligible housing project is completed on or after July 1 of the assessment year, repayment shall begin with the property tax year that begins on July 1 of the succeeding assessment year.

(C) After determining the date of completion, the sponsoring jurisdiction shall notify the Housing and Community Services Department and the county tax officers of the determination.

(D) Loans remain outstanding until repaid in full

X Loans to Sponsoring Jurisdictions

1. All loans made to Sponsoring Jurisdictions are interest free for the term agreed to by OHCS and the Sponsoring Jurisdiction. OHCS may impose interest fees and/or fines for the following reasons:
 - a. Non-Compliance with any loan agreement terms and conditions including the responsibilities laid out in Section IX of this document
 - b. Failure by the Sponsoring Jurisdiction to timely pay County offices their designated share of Administrative Costs

XI Property Exemptions – Assessor Responsibilities

1. Upon receipt of the copy of a grant agreement and ordinance or resolution from the Sponsoring Jurisdiction under Section IX Part 9 of this document, the assessor of the county in which eligible housing project property is located shall:
 - (A) Exempt the eligible housing project property in accordance with this section;
 - (B) Assess and tax the nonexempt property in the tax account as other similar property is assessed and taxed; and
 - (C) Submit a written report to the Sponsoring Jurisdiction setting forth the assessor's estimate of the amount of:
 - a. The real market value of the exempt eligible housing project property; and
 - b. The property taxes on the exempt eligible housing project property that would have been collected if the property were not exempt.
2.
 - (A) The exemption shall first apply to the first property tax year that begins after completion of the eligible housing project to which the grant relates.
 - (B) The eligible housing project property shall be disqualified from the exemption on the earliest of:
 - a. July 1 of the property tax year immediately succeeding the date on which the fee payment obligation under Section XII that relates to the eligible housing project is repaid in full;
 - b. The date on which the annual fee imposed on the fee payer under Section XII becomes delinquent;
 - c. The date on which foreclosure proceedings are commenced as provided by law for delinquent nonexempt taxes assessed with respect to the tax account that includes the eligible housing project; or
 - d. The date on which a condition specified in Section XIII (1) occurs.

- (C) After the eligible housing project property has been disqualified from the exemption under this subsection, the property shall be assessed and taxed as other similar property is assessed and taxed.
3. For each tax year that the eligible housing project property is exempt from taxation, the assessor shall enter a notation on the assessment roll stating:
- (A) That the property is exempt under this section; and
 - (B) The presumptive number of property tax years for which the exemption is granted, which shall be the term of the loan agreement relating to the eligible housing project set under Section VI Part 2 (B).

XII Development Fees

1. The fee payer for eligible housing project property that has been granted exemption under Section XI shall pay an annual fee for the term that shall be the presumptive number of years for which the property is granted exemption under Section XI Part 3(b).
- (A) The amount of the fee for the first property tax year in which repayment of the loan is due under Section XII Part 1 shall equal the total of:
 - a. The portion of the increment determined under Section VII Part 1 (C) that is attributable to the eligible housing project property to which the fee relates; and
 - b. The administrative costs described in Section VII Part 7 divided by the term of the grant agreement entered into under Section IX Part 5.
 - (B) For each subsequent property tax year, the amount of the fee shall be 103 percent of the amount of the fee for the preceding property tax year.
2. (A) Not later than July 15 of each property tax year during the term of the fee obligation, the Sponsoring Jurisdiction shall certify to the assessor each fee amount that became due under this section on or after July 16 of the previous property tax year from fee payers with respect to eligible housing projects located in the sponsoring jurisdiction.
- (B) The assessor shall place each fee amount on the assessment and tax rolls of the county and notify:
- a. The sponsoring jurisdiction of each fee amount and the aggregate of all fee amounts imposed with respect to eligible housing project property located in the sponsoring jurisdiction.
 - b. The Housing and Community Services Department of each fee amount and the aggregate of all fee amounts with respect to all eligible housing project property located in the county.
3. (A) The assessor shall include on the tax statement of each tax account that includes exempt eligible housing project property the amount of the fee imposed on the fee payer with respect to the eligible housing project property.
- (B) The fee shall be collected and enforced in the same manner as ad valorem property taxes, including nonexempt taxes, are collected and enforced.

4. (A) For each property tax year in which a fee is payable under this section, the treasurer shall:
 - a. Estimate the amount of operating taxes as defined in ORS 310.055 and local option taxes as defined in ORS 310.202 levied by fire districts that would have been collected on eligible housing project property if the property were not exempt;
 - b. Distribute out of the fee moneys the amounts determined under subparagraph a of this paragraph to the respective fire districts when other ad valorem property taxes are distributed under ORS 311.395; and
 - c. Transfer the net fee moneys to the Housing and Community Services Department for deposit in the Housing Project Revolving Loan Fund in repayment of the loans to which the fees relate.
- (B) Nonexempt taxes shall be distributed in the same manner as other ad valorem property taxes are distributed.
6. Any person with an interest in the eligible housing project property on the date on which any fee amount becomes due shall be jointly and severally liable for payment of the fee amount.
7. Any loan amounts that have not been repaid when the fee payer has discharged its obligations in full under this section remain the obligation of the sponsoring jurisdiction that obtained the loan from OHCS.
8. Any fee amounts collected in excess of the loan amount shall be distributed in the same manner as other ad valorem property taxes are distributed

XIII Fee Non-Payment-

1. (A) A developer that received a grant award under Section IX Part 5 shall become liable for immediate payment of any outstanding annual fee payments imposed under Section XII for the entire term of the fee if:
 - a. The developer has not completed the eligible housing project within three years following the date on which the grant moneys were distributed to the developer;
 - b. The eligible housing project changes substantially from the project for which the developer's application was approved such that the project would not have been eligible for the grant; or
 - c. The developer has not complied with a requirement specified in the grant agreement.
- (B) The sponsoring jurisdiction may, in its sole discretion, extend the date on which the eligible housing project must be completed.
2. If the sponsoring jurisdiction discovers that a developer willfully made a false statement or misrepresentation or willfully failed to report a material fact to obtain a grant with respect to an eligible housing project, the sponsoring jurisdiction may impose on the

developer a penalty not to exceed 20 percent of the amount of the grant so obtained, plus any applicable interest and fees associated with the costs of collection.

3. Any amounts imposed under subsection (1) or (2) of this section shall be a lien on the eligible housing project property and the nonexempt property in the tax account.
4. The sponsoring jurisdiction shall provide written notice of any amounts that become due under subsections (1) and (2) of this section to the county tax officers and OHCS.
5. (A) Any and all amounts required to be paid under this section shall be considered to be liquidated and delinquent, and OHCS shall assign such amounts to the Department of Revenue for collection as provided in ORS 293.250.
(B) Amounts collected under this subsection shall be deposited, net of any collection charges, in the Housing Project Revolving Loan Fund.

XIV Reporting

1. Not later than June 30 of each year in which a grant agreement entered into under section 9 is in effect, a developer that is party to the agreement shall submit a report to the sponsoring jurisdiction in which the eligible housing project is located, that contains:
 - (A) The status of the construction or conversion of the eligible housing project property, including an estimate of the date of completion;
 - (B) An itemized description of the uses of the grant moneys; and
 - (C) Any information the sponsoring jurisdiction considers important, including those found in Section IX, for evaluating the eligible housing project and the developer's performance under the terms of the grant agreement.

XV Ad Valorem Property Tax Exemption Limitations

Properties receiving Moderate-Income Housing Revolving Loan Funds may not be granted any exemption, partial exemption or special assessment of ad valorem property taxes other than the exemption granted under this program. This restriction in no way limits properties' ability to receive other federal, state or local grants, loans or income tax credits.