

# Oregon Housing and Community Services

## General Policy and Guideline Manual

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## **I. OVERVIEW**

Oregon Housing and Community Services (Department) is responsible for the evaluation of affordable multi-family housing projects (Projects) proposed for funding by the Department through the allocation of Department resources from one or more federal or state multi-family housing programs (Programs), such as Low Income Housing Tax Credits (LIHTC) and the Home Investment Partnership Program (HOME). To coordinate this process, the Department provides this General Policy and Guideline Manual (General Manual or Manual) to establish relevant uniform policies and guidelines with respect to the allocation of Program resources. First, this Manual sets forth the general policies (Policy) applicable to the funding of any Project; and second, it provides the common underwriting guidelines (Guidelines) for any such Project.

### **A. PURPOSE OF THE POLICIES**

When requesting Department resources for a Project from any Program, the Requestor must satisfy the requirements of this Manual, the requirements of any Program from which funding is requested, and any other applicable funding requirements, whether in statute, administrative rule, regulation, or otherwise (collectively, the Project Requirements).

### **B. APPROVAL AND EFFECTIVE DATE OF THE GENERAL POLICY AND GUIDELINE MANUAL**

The effective date of this Manual is June 17, 2013. This version of the Manual will remain effective until it is amended, revoked, or superseded by action of the Department. The General Manual applies to all Project funding Requests submitted to the Department on or after the effective date.

### **C. ADMINISTRATION AND INTERPRETATION OF THE GENERAL MANUAL**

Department staff is authorized to interpret and administer the General Manual. In addition, staff has authority to interpret and administer any specific Program regulation, policy, related administrative rule, or other Project Requirement subject to the limitations of law.

Requestors should stay informed of the actions of the Department that may amend, revoke or supersede this General Manual. A Requestor may ask Department staff for specific information or assistance.

The Department maintains a list of interested parties to whom certain notices and other information are distributed, including Multi-Family technical advisories issued by the Department. To be included on this list, click "sign up for Email updates" on the Department's website at [www.ohcs.oregon.gov](http://www.ohcs.oregon.gov).

#### **D. DEFINITIONS OF TERMS**

Capitalized terms have the meanings given to them throughout the General Manual or in the General Glossary of Terms.

#### **E. PUBLIC RECORDS**

Materials and information submitted to the Department are subject to public disclosure unless otherwise exempt from disclosure under the Oregon Public Records Law, particularly ORS 192.502(23).

As of the date of this Manual, ORS 192.502(23) exempts the Department from releasing to the public the following records, communications, and information submitted to the Department by Requestors and recipients of loans, grants, LIHTCs, or other financial assistance:

- Personal and corporate financial statements and information, including tax returns;
- Credit reports;
- Project appraisals;
- Market studies and analyses;
- Articles of incorporation, partnership agreements and operating agreements;
- Commitment letters;
- project Pro Forma and Project operating statements;
- Project cost certifications and cost data;
- Audits;
- Project tenant correspondence (unless confidentiality is waived);
- Personal information about a tenant; and
- Housing assistance payments.

The purpose of ORS 192.502(23) is to promote the development of affordable housing by protecting from public disclosure the detailed personal and business information that Requestors and businesses must submit to the state as a condition of participating in subsidized housing programs.

The Department provides no assurance that any materials provided to it can be protected from public review and copying.

#### **F. WAIVERS**

If the Department acts contrary to or fails to take action in accordance with the General Manual or any other Project Requirement, such act or omission does not constitute a waiver by the Department of a Project, person, or other entity's obligation to comply with the provisions of the General Manual, other Project Requirements, or establish a precedent for any other Project, person or entity. In any event, no waiver, modification,

or change of the General Manual, any Department Program Manual, or any other Project Requirement will be binding upon the Department unless it is in writing, signed by an authorized agent of the Department, and consistent with law.

## **II. GENERAL REQUIREMENTS**

The Department has established the following general requirements with respect to its selection of Projects for resource reservation and subsequent funding. These general requirements (in addition to the other requirements described in this General Manual) terms and conditions of other applicable Program Requirements (including, but not limited to the execution, recording, and compliance with associated legal documents required by the Department with respect to a Project), and other applicable Project Requirements must be satisfied in order to obtain a Reservation of resources or the subsequent Disbursement of resources by the Department.

The Department may exercise any remedy provided herein, in any Program, in any Project Requirement (including, but not limited to any associated legal document), or otherwise available under law with respect to any violation of applicable Project Requirements. Department remedies may include, but are not limited to rejection of a Request or termination of the processing of a Request. The Department is not responsible for inspecting Projects, related development activities, or otherwise acting to assure compliance of Projects or Requestors with applicable Project Requirements.

### **A. FAIR HOUSING AND OTHER CIVIL RIGHTS COMPLIANCE**

The Department requires that all Requestors and recipients of Department resources (i) comply with all applicable state and federal nondiscrimination laws, (ii) act affirmatively (including the use of appropriate outreach) to ensure that those who may be, or are at risk of being, underserved with Department resources are provided appropriate accessibility, (iii) comply with Equal Opportunity Employment standards in hiring and retaining personnel, and (iv) satisfy any targeted population or services standards in Program Requirements. Accordingly, development and use of any Project must be consistent with all applicable Project Requirements with respect to nondiscriminatory conduct, including but not limited to applicable federal, state, and local nondiscrimination laws. Applicable law includes, *inter alia*, the Federal Fair Housing Act Amendments of 1988 - that provide specific guidelines for multi-family dwellings with respect to minimum accessibility, adaptability and prohibition of discrimination.

Requestor shall comply with all applicable Federal Civil Rights legislation inclusive of the Fair Housing Laws, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act, as well as any state and local Civil Rights laws or regulations. Requestor and any owner or manager of a Project shall comply with all applicable anti-discrimination laws and regulations relating to race, color, religion, sex, handicap, familial status, national origin and any other classifications protected by such laws and regulations. These laws

and regulations include, but are not limited to design requirements for construction and rehabilitation to accommodate persons with disabilities, Equal Opportunity in regard to marketing outreach and tenant selection, as well as other reasonable accommodation and modification for those persons covered under such laws and regulations.

#### **B. IDENTITY OF INTEREST**

Requestors must disclose to the Department whether financial, familial, business or similar relationships exist among the parties participating in the development or operation of the Project (i.e., whether an “Identity of Interest” exists). Such disclosures shall be made when Requests are filed and at such other times during the development and operation of Projects and processing of Requests as requested by the Department.

#### **C. MISREPRESENTATION AND FRAUD**

The Department may disqualify a Requestor, Project, and cancel a funding, if the Requestor, a Principal, or any representative of either makes a material misstatement, omission, or misrepresentation to the Department, or has been convicted of or is currently indicted for fraud, theft, or other criminal activity involving the misappropriation of funds, false certifications, financial improprieties, or the like.

#### **D. PROJECT CHANGES**

A Requestor must notify the Department in writing of and obtain its written consent to any material change in a Project. A Requestor must notify the Department when a material change is first identified. The Department will endeavor to respond within 30 days after notice of a material change with respect to its requested consent. The Department may give or withhold its consent, or condition same, subject to its reasonable discretion. A “material change” includes, but is not limited to a change in:

- the number of buildings or units
- the project contact person
- the Identity of Interest disclosure
- the Development Team
- the project’s Total Project Costs
- a financing source (whether debt or equity)
- operating revenue or expenses for the project of more than 10%
- anything that would result in a change in Allocation Criteria

The Department will determine whether or not a change in a Project is material. The Department’s materiality determination is final.

The request for approval of a material change in a Project must be submitted in writing and include a narrative description and other supporting documentation, plus the applicable revised pages of the Request. If the Department grants the request, including

as modified or conditioned, it may adjust the amount of the funding allocation to assure that the sources and uses of the Project remain in balance.

#### **E. FEASIBILITY AND VIABILITY ANALYSIS**

The Department will only allocate such Program resources to a Project as it determines, in its sole discretion, are necessary for the financial feasibility and viability of the Project.

In order to allow the Department to perform these analyses, the Requestor must submit to the Department, among other things, (i) a comprehensive development budget showing all sources and uses of funds and the total financing plan for the Project and (ii) a fifteen-year operating pro forma for the Project. The form and detail of the budget and pro forma must be satisfactory to the Department and comply with all relevant Program requirements.

The Department will review the reasonableness of the development and operating budgets submitted by the Requestor. It may require that the Requestor submit additional documentation to substantiate that any or all of the Project's revenues or costs are reasonable and appropriate. In addition, the Requestor may be required to submit a copy of a FIRREA compliant appraisal and such other information as the Department determines to be appropriate.

#### **F. CONSTRUCTION CLOSING**

The Requestor must give the Department at least 30 days' written notice of the scheduled Construction Closing. At least 10 days prior to the Construction Closing, but after the general contractor bids have been received, the Requestor must submit the Project's final development budget, final sources of funds, and documentation to substantiate the final budget.

#### **G. PROGRAM AFFORDABILITY AGREEMENTS**

Any Program funding is subject to the execution and, as appropriate, recording of legal documents satisfactory to the Department. Certain such documents (Affordability Agreements) include long-term affordability requirements. Failure to execute, record or adhere to these Affordability Agreements and other legal documents, including but not limited to their restrictive covenants or resultant equitable servitudes may result, *inter alia*, in the termination of Request processing, loss of funding, and recoupment of disbursed funding.

#### **H. MINIMUM AFFORDABILITY REQUIREMENTS**

- 1. Rent Restrictions:** The Department prefers rents in Department-funded Projects to be a minimum 10% below market rents for the area, except when rents are determined by project-based rental assistance contracts. Program Requirements specify the applicable rent restrictions. When multiple funding sources are used,

the most restrictive rent restriction requirement applicable to the Project units in question applies.

2. **Income Restrictions:** Each Department funding source may have income restrictions. Program Requirements specify the applicable income restrictions. When multiple funding sources are used, the most restrictive income requirement applicable to the Project units in question applies.

## I. VISIBILITY

Oregon policy, as enacted by ORS 456.510, "encourages the design and construction of dwellings that enable easy access by individuals with mobility impairments and that allow continued use by aging occupants".

New construction Projects receiving funding from OHCS are subject to requirements for Visitability. Although OHCS strongly encourages Visitability for all Projects, the Visitability requirements resulting from ORS 456.510 do not apply to:

- rehabilitation Projects, subject to the limitation described below;
- Projects receiving funding only from Department bond financing and/or non-competitive tax credits; or
- Farmworker housing on a farm.

Newly constructed units and newly constructed community spaces in rehabilitation projects are subject to the Visitability requirements.

"Visitable" means able to be approached, entered and used by individuals with mobility impairments, including but not limited to individuals using wheelchairs.

Units in Projects that meet the "Accessibility" standards of the federal Fair Housing Act typically exceed this aspect of state Visitability requirements.

For a complete explanation of these requirements, see Addendum A: Architectural Guidelines.

## J. GREEN BUILDING STANDARDS

One of the following Green Building Standards of construction must be included in the development of any low-income housing funded by the Department:

- Enterprise Green Communities;
- Earth Advantage Homes;
- LEED for New Construction; or
- Department Green Building Program.

Requestors must comply with all the requirements of their selected Standards. Upon completion of the Project, the Requestor will be required to provide a Certification and

appropriate documentation that the Project was completed according to the applicable Green Building Standards. The Department reserves the right to rescind funding, including LIHTC and OAHTC allocations or other funding Disbursements, if applicable Green Building Standards are not timely satisfied.

For a complete explanation of these standards, see Addendum A: Architectural Guidelines.

#### **K. DEPARTMENT OF STATE LANDS (DSL) WETLANDS POLICY AND REVIEW**

DSL will review all Projects for which funding is reserved by the Department to determine whether or not regulated wetlands exist on the Project site. The Department and Requestor, if requested, will submit relevant documents to DSL. If DSL determines that wetlands are present or likely to be present, Requestors must get a qualified wetland consultant's wetland verification and boundary delineation for submission, review and approval by DSL. DSL may impose additional site or design requirements for the Project.

Requestors must provide tax lot numbers for the submission to DSL. The Department has provided a space on the Environmental Review Checklist for this information. Include the tax lot number for every parcel of land in the Project. A failure to provide the tax lot number(s) will delay the DSL review process and may result, *inter alia*, in rescission of a Reservation or recoupment of any Disbursement.

#### **L. BUREAU OF LABOR AND INDUSTRIES (BOLI) REQUIREMENTS**

Funding recipients (Grantees) must comply with any applicable federal or state prevailing wage law. Requestors must contact BOLI for information on how prevailing wage laws may apply to the proposed Project.

Prevailing wage laws may apply if all or part of the Project is deemed to be a public works project. This determination may be made if the Grantee is a public agency, such as a housing authority, and the intent is to construct or contract for the construction of all or part of the Project with public funds.

The Project may be subject to state prevailing wages if the Requestor receives \$750,000 or more in public funds and the Project meets any of the following criteria:

- Less than 60 percent of the occupants have incomes less or equal to 60 percent of area median income;
- The building is more than four stories high (unless there is a local building code exemption); or
- The overall Project includes portions, even if not constructed or contracted for construction by the Requestor, which may be deemed public works (i.e., a "mixed-use" project).

At any time during development, any change in the Project could cause the coverage determination to be void. Requestors should request updated determinations from BOLI as necessary.

This notice does not constitute legal advice. The Department is not responsible for the determination of prevailing wages status on projects. The Department encourages Requestors to have their attorney interpret BOLI rules as they apply to a specific Project. The Department will not provide funding increases to fill gaps resulting from the Requestor's failure to budget for prevailing wage requirements. The Department specifically reserves the right to revise its reservation of funds to a Project, rescind such reservation, or recoup allocated resources if any BOLI-related funding gap should obtain.

#### **M. HISTORIC PRESERVATION**

The Department encourages all Project sponsors working with properties 50 years old or older to consult with the State Historic Preservation Office to determine the historic significance of related buildings. If the buildings are determined significant, the Department encourages preservation of the historic elements in the most efficient and effective manner possible. The State Historic Preservation Office can be reached at:

State Historic Preservation Office  
725 Summer St. NE. Suite C  
Salem OR 97301

#### **N. CONSISTENCY WITH STATE CONSOLIDATED PLAN**

The Department is required to develop a comprehensive state plan for low-income Oregonians (OAR 456.572). The Department has adopted the state and local Consolidated Plans as its comprehensive state plan. All Projects must be consistent with the state and local Consolidated Plans at the time the Request is submitted.

#### **O. ENVIRONMENTAL ASSURANCE**

The Department expects that any Project will be developed and operated in an environmentally safe and sound manner. Requestors and owners of Projects must comply with all applicable environmental laws, including obtaining appropriate environmental studies with respect to Project development and satisfactorily mitigating any negative conditions to the Department's satisfaction. They also must design, develop, and operate the Project to ensure that it affords safe, sanitary and otherwise habitable housing for tenants, adequately protects the value of any security interest of the Department in the Project, and will function as intended for any applicable affordability period.

### III. GENERAL UNDERWRITING

**A. PROGRAM LIMITS:** The Department has established the following program limits (Program Limits) for evaluating Projects. The Requestor should demonstrate in the Request compliance with all the Program Limits. In determining the amount of Program resources to allocate, the Department may reduce the budget and funding amounts to reflect the Program Limits listed below.

#### 1. MAXIMUM LOAN TO VALUE

For Projects that require first mortgage financing, such as a bank loan or tax-exempt bonds, the maximum Loan to Value (LTV) will be the lesser of 85% of actual development cost or 80% of the appraised value. The appraised value is determined by a FIRREA compliant appraisal.

#### 2. MINIMUM DEBT COVERAGE RATIO

For Projects that require first mortgage financing, the minimum Debt Coverage Ratio (DCR) will be 1.20:1 for the primary debt. If there are project based rental assistance contracts designated for the Project, then the DCR may be as low as 1.15 in the Department's discretion.

If there is secondary debt that is hard debt with required monthly or annual payments, then a minimum Debt Coverage Ratio of 1.10:1 will be used for the combined primary and secondary debt payments. Secondary debt repaid out of excess cash flow only may be below the required 1.10:1 in the Department's discretion.

#### 3. MAXIMUM CONSTRUCTION CONTINGENCIES

The maximum rehabilitation contingency amount is limited to 15% of the total rehabilitation costs and the new construction contingency amount is limited to 10% of total new construction costs. Rehabilitation costs include rehabilitation hard costs, site work costs, and contractor profit and overhead. New construction costs include new construction hard costs, site work costs, and contractor profit and overhead.

#### 4. MAXIMUM DEVELOPER FEES

Maximum developer fees are subject to the reasonable discretion of the Department. The Department may consider factors including, but not limited to the financial feasibility and viability of the Project, the complexity of the development, the contributions of the developer, and area rates of compensation in determining the allowable level of developer fees. The Department will consider allowing developer fees in the aggregate, up to 15% of Total Project Costs less reserves, and less the requested developer fee amount. For purposes of this section, developer fees shall be deemed to

include all consultant fees (other than arm's length architectural, engineering, appraisal, market study and syndication costs), and all other fees paid in connection with the project for services that would ordinarily be performed by a developer, as determined by the Department.

## **5. MAXIMUM CONTRACTOR'S PROFIT AND OVERHEAD**

Maximum combined profit and overhead of the general contractor is subject to the reasonable discretion of the Department. The Department may consider factors including, but not limited to the financial feasibility and viability of the Project, the complexity of the construction, the overhead costs of the general contractor, and area profit margins and overhead in determining the allowable level of combined profit and overhead. When the general contractor is a Principal, Related Party or otherwise has an Identity of Interest with the Requestor or Project Owner, the Department will limit the general contractor's combined profit and overhead to an amount up to 10% of total rehabilitation/construction costs plus site work costs. All others will be limited to a combined profit overhead and general conditions amount of up to 14% of construction costs plus site work.

**B. PROGRAM THRESHOLDS:** The Department has established the following Minimum Threshold Requirements (Thresholds) for evaluating Projects. The Requestor should demonstrate in the Request compliance with all the applicable Thresholds. Failure to pass any of these Thresholds will disqualify the Request from receiving any funding resources.

### **1. ASSET MANAGEMENT COMPLIANCE**

Requestor's current portfolio of projects monitored by the Department must be in compliance with required Project Requirements. The past performance of each Requestor will be evaluated using a standardized internal process reviewing asset management and compliance categories with portfolio thresholds.

Portfolio Thresholds will be evaluated based on the size of the portfolio.

### **2. PROGRAM COMPLIANCE**

Requestors must satisfy all Project Requirements, including but not limited to the Program Requirements for all applicable Department funding sources. Each Department funding source has separate requirements within the Request Application, including forms and exhibits that must be submitted simultaneously with the Request Application. These Requests, forms and exhibits are more particularly described and available in the LIHTC and NOFA Application Manuals. The Request must be in compliance with all Project Requirements, including but not limited to all relevant Program Requirements in order to be competitively scored.

### **3. READINESS TO PROCEED**

a. **Site Control and Zoning**

**Site Control:** The Requestor must have control of the land and other real property necessary for the Project by the Request deadline and submit evidence of that control with the Request

Acceptable evidence of site control is a document that has a complete and accurate legal description and is either:

- a valid recorded deed or conveyance showing that the Requestor has Ownership;
- a valid purchase and sale agreement;
- a valid option to purchase;
- a valid option for a satisfactorily long-term lease; or
- other evidence satisfactory to the Department

In general, the Requestor must ensure that the name on the evidence of site control and the Application is exactly the same. However, when the Requestor purchases the property through a nominee, such as an LLC, the Requestor must clearly explain and document how it controls the entity that controls the site.

The site control document also must identify the exact same area as the Project site listed in the Application and the exact same cost for the land and/or existing buildings for the Project referenced in the development budget provided with the Application. If the site description in the Application and the site control document are not exactly the same, the Requestor must provide a narrative description and supporting documentation satisfactory to the Department that clarifies how the area and cost for the Project were appropriately established.

**Zoning:** The Project must be properly zoned for the type of intended Project.

The Requestor shall provide the Certification of Zoning executed by the appropriate zoning authority to verify appropriate zoning for the Project.

**2. Additional Federal Project Resources Status**

If the Requestor identifies additional federal resources to be used in financing the Project, such as rental or capital assistance from the U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture Rural Development (RD), or Veteran’s Administration (VA), as part of the funding structure, the Requestor must provide evidence in the Request satisfactory to the Department that an application for these federal resources has been submitted and remains active.

**3. Adequacy of Development Schedule**

The Requestor must submit a development schedule with its Request. The Requestor's development schedule must clearly demonstrate that funds will be invested and the Project will be constructed, leased and stabilized within all required Program time frames. These Program time frames or deadlines are published in the appropriate Program Manuals.

#### **4. Adequacy of the Environmental Checklist**

The Requestor must submit a completed Environmental Checklist and the local RAD must have completed a site visit prior to submitting the Request.

The Department's Environmental checklist contains questions regarding the suitability of the site, the distances to services, transportation and schools, the nature of existing structures, soil suitability, environmental hazards, safety concerns, noise problems, air quality issues, historic preservation, flood plain and wetlands issues and finally solid waste, waste water and storm water concerns. The Requestor shall provide a mitigation plan satisfactory to the Department for any material adverse information revealed in the Environmental Checklist.

### **IV. Underwriting Guidelines**

The Department evaluates all projects for financial feasibility and viability, adequacy of construction, developer capacity and ownership integrity. Due to the wide variety of proposed Projects and the various mixes of Program resources requested, these guidelines are broadly designed to allow the Requestor the flexibility to describe the special characteristics of their Projects while providing the Department with appropriate information to make its feasibility and viability, adequacy of construction, developer capacity and ownership integrity determinations. The following Underwriting Guidelines are intended to provide guidance for the Department staff and Requestors in preparing and reviewing relevant information.

#### **A. FINANCIAL FEASIBILITY**

##### **1. Sources and Uses Statement:**

The Requestor must submit a Sources and Uses statement with its Request or as otherwise required by the Department. The Sources and Uses statement describes all of the funds or Sources that are to be used to pay for all Project costs and the intended Uses of such funds. The statement must identify each separate source and use and the estimated timing of final approval for each. The Sources and Uses must balance fully and no Source may be unknown. If any sources or uses are identified as unknown at the time of review, the Request may be deemed incomplete and removed from further processing.

##### **2. Operating Proforma:**

The Requestor must submit with its Request an operating pro forma for the Project satisfactory to the Department demonstrating financial feasibility and viability of the Project for a typical 15- year compliance period. Different Programs may have different compliance periods and the Department may require that the operating pro forma address relevant compliance periods. In addition, the Requestor must demonstrate that the Project will continue to be economically feasible and have adequate replacement reserves for an extended use period of an additional 15 years after the initial compliance periods, if applicable. The operating pro forma must list each of the compliance periods and extended use periods separately and include assumptions, notes and explanations regarding the respective income and expense projections.

Absent a long-term commitment (in excess of ten (10) years), Projects with rental assistance must demonstrate financial feasibility excluding the rent subsidy.

If the Project includes commercial and/or other non-residential space, the Requestor must submit the following information and supporting documentation in addition to the residential pro forma requested above:

- A breakdown of the total residential and commercial project costs;
- A list of the financing sources for the commercial areas
- Ownership entity and management agent of the commercial areas; and
- A 15-year operating pro forma for both the residential and commercial areas.

The pro forma must contain the following data:

- Growth assumptions that are typically estimated at 2% per year for income and 3% per year for expenses.
- Estimates of income and expenses that are well documented by actual historical amounts, comparable income or expense studies, Requestor market assessment, a market study or an appraisal.

The pro forma also must address the following industry benchmarks:

- A vacancy ratio of not less than 7%.
- A breakeven ratio that is typically 85%.
- An expense ratio and expenses per units that are properly scaled to the size and scope of the improvements, the cost of local utilities and taxes and the makeup of tenant population served.
- Replacement reserves that are properly scaled to the size and scope of the improvements and the age and condition of the property.
- Operating Reserves that are typically 6 months of debt service payments.

While using some benchmarks and industry best practices to evaluate the information, each pro forma will be separately assessed based on its reasonable and well-

documented projection of income and expenses to determine if it effectively demonstrates the Project's financial feasibility and viability.

### **3. Debt Underwriting:**

Many Projects require primary mortgage debt as one of the sources of funds. If there is mortgage debt, the proposed loan-to-value, debt service coverage, and breakeven ratios must be in conformance with Department limits and industry norms noted previously. If there is no mortgage debt, then the pro forma must demonstrate a stable positive cash flow over the required economic life of the Project.

## **B. ADEQUACY OF CONSTRUCTION**

### **1. Construction Guidelines**

The Department supports the development of affordable housing that is safe, sanitary, habitable, well designed, contributes positively to the quality of life in Oregon, adds to the aesthetics and living environment of the community, and enhances the self-esteem and empowerment of the residents it houses and serves. Accordingly, Projects must be built using sustainable and green building practices and comply with the Visitability laws of Oregon, including as expressed in Project Requirements. The Architectural Guidelines, Green Building programs and Visitability standards are more specifically described in Addenda A: Architectural Guidelines.

#### **a. Architectural Review**

The Department has published Architectural Guidelines that include recommendations for site design, building design, unit design and other quality of life issues, including construction materials and practices affecting the life-cycle cost of buildings. The Department will review Requestors' design proposals contained in their Requests to verify if their Projects reflect these recommendations. If a Project contains a design feature that is a material deviation from the Guidelines, the Project Architect must provide a written explanation for the variance.

The Department requires that each new construction Project be designed by a registered architect currently licensed in the State of Oregon. There may be cases where a Project is deemed exempt from the Oregon Architects and/or Engineer's Law. If someone other than a licensed architect designs a Project, the Requestor must request a pre-approval of such deviation from the Department prior to the Request deadline.

#### **b. Architectural 30-year Standard**

Qualifying Projects must be built so that they sustain themselves for 30 years without the need of significant rehabilitation work. This will require careful design, material selection and oversight by Project architects, contractors, developers, and owners. Requested documents must reflect reasonable planning and oversight to accomplish this architectural standard. This type of planning and oversight must ensure that the Project, including building envelopes and all structural components, has the necessary sustainability to last for 30 years with only industry-standard scheduled maintenance.

### 3. Rehabilitation Requirements

All Requests for rehabilitation Projects must to provide a thorough Capital Needs Assessment (CNA) that is satisfactory to the Department. The CNA must address the following components:

- a. **Critical repair items:** All health and safety deficiencies, or violations of Housing Quality Standards (or Uniform Physical Inspection Standards), requiring immediate remediation.
- b. **Two-year physical needs:** Repairs, replacement and significant deferred and any other maintenance items that need addressing within 24 months of the date of the report.
  1. Include any necessary redesign of the Project and market amenities needed to restore the property to a reasonable standard of livability.
  2. Include those repairs in the development budget that are to be funded with construction-period fund sources.
- c. **Long term physical needs:** Repairs and replacements beyond the first two years that are required to maintain the Project's physical integrity over the next 30 years, such as major structural systems that will need replacement during that period. These repairs are to be funded from the Replacement Reserves Account.

### 3. Replacement Reserves

- a. **New Construction Projects:** Replacement Reserves of \$250 per unit are typically required on new Projects at the time of completion or at permanent loan funding. The exact amount of the required reserves may vary depending on factors related to the nature of the particular Project and subject to the Department's discretion.
- b. **Rehabilitation Projects:** Replacement Reserves are also required on rehabilitation Projects. The exact amount of the required reserves may vary depending upon the extent of the rehabilitation targeted and the age and condition of the remaining components, subject to the Department's discretion.

CNA's must include a thorough analysis of reserves for replacement, including an estimate of the initial and on-going monthly deposit into the Replacement Reserve needed to fund on-going physical needs and the expected useful life of major building systems. This analysis must not include the cost of critical repair items,

two-year physical needs or any work items that would be treated as normal maintenance or repair expense.

#### **4. Inspections**

The Department, or its third-party representative, may perform inspections prior to, during and following an initial Reservation of resources by the Department. The Department, based on such inspections or otherwise, may disqualify a Requestor from advancing its Request, terminate or revoke a Reservation or Allocation, or exercise other remedies, including, but not limited to, requiring changes to the Request, Project scope of work, or budget. The Department may verify if work has been performed to its satisfaction. The Department may require remediation of unsatisfactory work or conditions among other remedies.

### **C. DEVELOPMENT TEAM CAPACITY**

#### **1. Previous Experience**

The Requestor must demonstrate to the satisfaction of the Department that the Requestor, the developer, and/or the development consultant under contract:

- has successfully completed a multi-family housing project of a comparable number of housing units, of similar complexity, and for a similar target population as the proposed Project;
- has the necessary level of staffing and financial capacity to successfully manage development and operations of its current project portfolio, including but not limited to, all current and pending projects and Requests; and
- has successfully completed previous projects for which a similar Program allocation was received in Oregon or other states.

If the Requestor is using a development consultant to show this capacity, the Requestor must also submit a copy of the executed contract detailing terms, conditions, and responsibilities between the Requestor and the development consultant.

#### **2. Property Management Capacity**

If the Requestor is going to employ a property manager with respect to the Project, the Requestor must provide a document detailing the experience level of the proposed property management firm that demonstrates that they have successfully managed:

- a multi-family housing project of a comparable number of housing units and/or of a similar complexity as the proposed project; and
- a multi-family assisted or subsidized housing project with local, state, and/or federal operating requirements comparable to those of the requested Program.

#### **3. Financial Capacity:**

As disclosed in the Request or other required information, Requestor's financial condition must not contain any adverse conditions that might materially impair the Requestor's ability to perform its financial obligations as sponsor during the construction or stabilization of the Project. As disclosed in the Real Estate Holding Schedule, the Requestor's existing real estate portfolio must be stable and self-supporting. If there are any significant problem projects, the Requestor shall provide a detailed mitigation plan.

**D. Ownership Integrity:**

- Neither Requestor nor any member or principal within the Project ownership or management will be currently indicted for or have been convicted of fraud or moral turpitude within the previous ten (10) years.
- Neither Requestor nor any member or principal within the Project ownership or management will be involved in a bankruptcy proceeding within the previous five (5) years.
- Neither Requestor nor any member or principal within the Project ownership or management will have been debarred or otherwise sanctioned by Agency or any other Federal Program.

**V. ADMINISTRATIVE GUIDELINES**

**A. RESERVATION OF AWARD AND RESERVATION LETTERS**

When a Project is selected to receive a reservation of resources (Reservation) from one or more Department Programs, a conditional commitment known as a Reservation Letter is issued. The Reservation Letter contains the significant terms and conditions and timeframes that must be satisfied in order for the Award to be funded, understanding that such satisfaction must be in compliance with all Project Requirements. Failure to satisfy any conditions in the Reservation Letter, any Program Requirements, all Project Requirements (including the negotiation, execution and recording of related Affordability Agreements and other documents required by the Department) may result in the revocation of the Reservation and recoupment of any allocation of resources unless any necessary exceptions have been approved in writing by the Department.

**B. INAPPROPRIATE USE OF RESOURCES**

**1. Debt Reduction**

Program resources may not be used to buy down or refinance existing debt. This limitation does not apply to pre-development or bridge loans made by the Department that allow for such use.

**2. Reimbursement for Prior Construction**

Program resources may not be used to reimburse construction or rehabilitation work started or completed within six months before a Request is received by the Department.

**C. LEASEHOLD INTERESTS**

If the Requestor proposes a long-term lease in lieu of fee ownership of the real property of any part of the Project or related land, then the Owner of the land and such other real property and holders of any liens or encumbrances with respect to the land or such other real property, must execute and record such additional documents as the Department may require, *inter alia*, to subordinate their interests in the land, such other real property and Project to the Affordability Agreements and other Project documents and otherwise to ensure, *inter alia*, the Department's ability to enforce Project Requirements and recover provided resources throughout the applicable compliance and extend use periods and reasonably thereafter.

**D. STANDARDIZATION OF LEGAL DOCUMENTS**

Department contracts, Affordability Agreements and other legal documents typically are standardized and subject to approval by the Oregon Department of Justice (DOJ). Any proposed changes to Department-required documents or requested use of additional documents must be submitted in writing to the Department. Requestors must allow adequate time for review and comment by the Department and DOJ on proposed changes or other requested documents. All changes or other requested documents are subject to written approval of the Department in consultation with DOJ. If Requestor's request negotiation of any Department-required documents, including but not limited to requesting any changes to the documents or the inclusion of other documents, they must pay such charges as may be assessed by the Department with respect to its reasonable legal and administrative costs with respect to such requests.

**E. PROGRAM CHARGES**

**When applying for any Program funds, the Requestor must pay each applicable charge. These charges are as follows:**

Charges required with the Notice of Funding Availability (NOFA) for the 9% Low Income Housing Tax Credit Program (LIHTC), the HOME Investment Partnership Program (unless prohibited by Program), and associated resources, include:

- Application Charge: The lesser of \$25 per unit or .5% of the total funds requested. Minimum \$100.

After a funding Reservation is issued, the following charges apply:

- Recipient Charge: Assessed on the cumulative total of NOFA resources:  
<\$300K = \$1,000

>\$300K = \$2,000

LIHTC = \$2,500

- Farmworker Tax Credits: \$200 for each development that receives credits.
- Construction Analyst: \$2,200 per Project (HOME only)
- Document Preparation: \$100 per recorded document (normally assessed in escrow)

The following charges are associated with the Low Income Housing Tax Credit Program:

- LIHTC Reservation: 5.5% <30 units or  
6.5% >=30 units
- Late Carryover: If carryover application is received after December 1<sup>st</sup>:  
\$1,000 plus \$200 per business day, plus \$100 per hour  
for re-evaluation.
- Late Final Application: \$1,000 if final application is received more than six  
months past placed in service date, plus \$100 per  
month, plus \$100 per hour for re-evaluation.
- Monitoring: \$35 per unit per year for first 15 years.  
\$25 per unit per year for each year in the extend use  
period.

Fees and charges for requesting additional resources:

- To fill an LIHTC pricing gap: The lesser of \$25 per unit or .5% of the additional funds  
requested. Minimum \$100.
- For loss of a funding source or increased Project costs:
  - Any NOFA funding source: 1% of the gross amount of the funds  
(other than LIHTC & OAHTC) requested.
  - LIHTC (4% OR 9%): 1% of the estimated equity to be generated  
by the additional tax credits.
  - OAHTC: \$25 per unit or .5% of additional OAHTC  
requested. Minimum \$100.

Fees and charges for negotiation of documents: Legal and administrative costs related to such negotiation.

Such other fees and charges that Department may assess under applicable Program Requirements or administrative rules.

Submit payment with the Charge Transmittal form.

Charges are non-refundable.

If awarded, OHCS grant resources may be requested for reimbursement of OHCS charges, excluding the application charge.

## **VI. RIGHTS AND RESPONSIBILITIES**

### **A. PROJECT DISQUALIFICATION/CANCELLATION**

In addition to other available remedies, the Department may disqualify the Project and Request, cancel any Reservation or Allocation of resources, and recoup any allocated or otherwise disbursed resources if:

- The Requestor or Owner, or any of their agents, fail to comply with the requirements and policies of the Department, including those outlined in this Manual; or
- The Requestor or Owner, or any of their agents, fail to comply with the terms, conditions, obligations, and restrictions in the Request, the Reservation Letter, or other legal documents for the Project; or
- The Requestor or Owner, or any of their agents, fail to timely satisfy any or all Project Requirements.

### **B. PROJECT/REQUEST DENIAL**

The Department may reject a Request where the Requestor, Owner, Principal, or other Participant with respect to the proposed Project, previously has:

- Failed to complete projects in accordance with requests or certified plans presented to the Department or other public or private allocating agencies.
- Failed to complete a project within the time schedule required or budget indicated in the request.
- Failed to effectively utilize previously allocated program funds and notified of such failure to meet appropriate utilization in advance of request NOFA closing date.
- Been found to be in non-compliance with program rules as evidenced by Department or other public or private allocating agency project monitoring and missed the cure time deadline given in writing.
- Been debarred by the Department or other state, federal or local governmental agency.
- Been convicted within the last ten years of criminal fraud, misrepresentation, misuse of funds, or moral turpitude or currently is indicted for such an offense.
- Been subject to a bankruptcy proceeding within the last five years.

The Department reserves the right to disapprove any Request if, in its judgment, the proposed Project is not consistent with the goals of providing decent, safe and sanitary housing for low-income persons. The Department may impose additional conditions on Project sponsors for any Project as part of the Request, Reservation or Allocation processes.

**C. DEPARTMENT SOLE DISCRETION**

The Department reserves the right to determine, in its sole discretion, whether the Third-Party Letters of Interest or Intent, Award Letters, or Commitment Letters are satisfactory, and whether a lender or investor possesses the financial or other capacity to make a specific loan or investment. A change in the Project's financing structure or financing terms after Reservation of Department funds must be brought to the attention of the Department. The Department may in its sole discretion re-underwrite the Project, which may result in all or a part of the Department resources being recaptured or reduced by, or returned to, the Department.

**D. NO REPRESENTATION OR WARRANTY**

Issuance of a Department funding resource Reservation shall not constitute or be construed as a representation or warranty as to the feasibility or viability of the Project, or the Project's ongoing capacity for success, or any conclusions with respect to any matter of federal or state law. All Department resources are subject to various state and federal regulations governing the specific program from which they are obtained, and Requestors are responsible for the determination of their Project's eligibility and compliance consistent with all Project Requirements.

**E. Decisions and Reviews**

Applicants will be notified in writing of the Department's Intent to Issue a Reservation Letter which will also be posted on the Department's website.

Reservations, Allocations or Awards (collectively, Determinations) subject to State Housing Council review under ORS 456.561, and Determinations where additional Department funding supporting such Determinations are subject to Council review, are contingent, *inter alia*, upon Council approval of those Determinations or supporting funding. The Council may approve, reject, modify, or further condition funding awards submitted for its review, thereby directly or indirectly impacting Department Determinations

## GENERAL GLOSSARY OF TERMS

Affordability Agreements:	These are documents that contain the long term affordability restrictions that Requestors agree to when receiving funding from affordable housing Programs. They are not exclusive of other required Project Documents.
Allocation of Funds:	These are the amounts of Program resources determined for each NOFA.
Allocation Criteria:	These are the standards by which the Department will competitively rank projects in a NOFA funding round.
Application or Request:	This means the NOFA Request and all required Exhibits and forms, if any, submitted by an Applicant for a Project.
Release of Allocation:	This is a stage when a Reservation is determined to be fundable after meeting all conditions of the Reservation Letter.
Department:	This is the State of Oregon, acting by and through its Housing and Community Services Department.
Development Team:	This means the Requestor, the developer, the project management consultant, the general contractor, and all persons or organizations materially involved in the acquisition, construction, rehabilitation, development, or improvement of the Project.
Construction Closing:	Typically, this is the stage in the funding process when all conditions of the Reservation Letter are satisfied and the Project is ready to commence construction.
Federally Subsidized Building:	A building is federally subsidized if it is financed by federal tax-exempt bonds or federal grants.
Geographic Regions:	These are the five areas of the state that are grouped by contiguous counties for the purpose of identifying needs and allocating funds to Projects through the NOFA Process.
General Manual or Manual:	These are the short names for the General Policy and Guideline Manual.
Impact of the Project:	This is the Impact of a Project in a community as measured by evaluating the necessity for the project type and population served, the desirability of the location and building features and the magnitude of the community impact.

Identity of Interests:	Identity of Interest means a financial, familial, or business relationship that permits less than arm's length transactions. For example: Related Parties; persons, entities, or organizations Affiliated With or Controlled By or In Control Of another; existence of a reimbursement program or exchange of funds; common financial interests; common officers, directors, stockholders, or managers; or family relationships between officers, directors, or stockholders.
LIHTC:	This means Low Income Housing Tax Credits (Tax Credits)
LIHTC Program:	The Program that is specifically designed to provide the policies and procedures for the allocation, awarding and administration of LIHTCs.
LIHTC Program Manual:	This is the Program Manual that is specifically designed to provide the policies and procedures for the allocation, awarding and administration of LIHTCs that has been approved and adopted under Oregon's Administrative Rules.
Minimum Project Qualifications (MPQs):	Each Project is required to choose one of the four MPQs noted in Section IV subsection D in the NOFA. Failure to qualify for one of the four MPQs disqualifies the Application.
Minimum Threshold Requirements:	These are standards that all Projects are required to meet on a pass or fail basis. Failure to meet any one of the standards disqualifies the Application.
NOFA:	The Notice of Funding Availability (NOFA) is a uniform set of requirements for sponsors to apply and compete for Program funds.
NOFA Funds:	The collective name of the amounts of tax credits, grants or loans that are requested in a NOFA from various Programs to finance a project.
Noncompliance:	Noncompliance means a failure to meet any covenant, condition or term of any agreement between the Applicant or Project owner (including their officers, employees, agents, and assignees) and the Department, a failure to meet any applicable Program Requirement, or a failure to meet any other applicable Project Requirement.
Oregon Administrative Rules:	The OARs are the principles by which the Department administers affordable housing Programs that are approved from time to time through the State Administrative rule process.
Principal(s):	This means (1) with respect to a Project owned by a partnership, the partners; (2) with respect to a Project owned by a limited liability

company, the members and managers; and (3) with respect to Project owned by a closely-held corporation, the shareholders.

- Program Funds:** These are the amount of funds identified in a specific Program to finance a Project or Projects.
- Program Limits:** These are the financial limits set by regulation and the Department on the amount of debt service, loan amounts, construction contingency, developer fee, contractor's profit and overhead that apply in general to all Programs.
- Program(s):** A Program is a specific source of state or federal funds that are subject to a set of require codes or statutes that provide a methodology to award funds to the public for the development of multifamily affordable housing projects.
- Program Requirements:** All terms, conditions, covenants, or other obligations of a Requestor or Owner (including through their officers, employees, contractors, agents, and assignees) with respect to a Program from which funding is sought or provided with respect to a Project, including as contained in relevant statutes, regulations, administrative rules, manuals, codes, Department directives, policies, applicable documents, or otherwise.
- Project:** A low-income multifamily housing development for which funding, in whole or in part, is sought from or obtained from the Department, normally including related land and amenities.
- Project Need:** This is the need for a Project in a community as measured by evaluating the equity of affordable housing distribution in the region, the population needs relative to other areas of the region, the housing condition needs relative to other areas of the region and the demand for affordable housing relative to other areas of the Region.
- Project Requirements:** All terms, conditions, covenants, or other obligations of a Requestor or Owner (including through their officers, employees, contractors, agents, and assignees) with respect to a Project , including as contained in relevant statutes, regulations, administrative rules, manuals, codes, Department directives, policies, applicable documents, or otherwise.
- Qualified Nonprofit Organization:** This is an organization described in IRC Section 501(c)(3) or 501(c)(4) that is exempt from federal income tax under IRC Section 501(a) if OHCS determines the organization is not affiliated with or controlled by a for profit organization and an exempt purpose of such organization includes fostering low-income housing.

Related Entity/Person:	These include, but are not limited to (1) members of a family; (2) a fiduciary and either a grantor or a beneficiary of a trust; (3) a party and a federally tax-exempt organization that the party, or members of the party's family, controls; (4) a party and either a corporation or a partnership in which the party has more than a 50 percent interest; (5) two business entities, either corporations or partnerships, where a party has more than a 50 percent interest in each; (6) two corporations that are members of the same controlled group; and (7) two parties engaged in trades or businesses under common control.
Regions:	These are the five areas of the State that are known as Central Oregon, Eastern Oregon, Metro Oregon, southern Oregon and Valley/North Coast Oregon which have similar boundaries to the Regional Solutions Centers (RSCs).
Request:	This is any form of application, including written or verbal requests for funding from any Program.
Requestor:	The sponsor, organization or entity that applies for funding for a Project from the Department.
Reservation Letter:	When a project is selected to receive a reservation of Program Funds, it is documented in a Reservation Letter aka the "Reservation". The Reservation Letter is a form of conditional commitment whereby the state agrees to fund an award when a sponsor has completed all the requirements listed in the Reservation Letter.
Reservation and Extended Use Agreement (REUA):	This is a document that contains the terms and conditions of the obligatory period of affordability.
Reservation Period:	The maximum time frame allowed for fulfilling all the terms and conditions of the Reservation Letter.
Regulatory Agreement:	This is a recorded document that contains the compliance and monitoring affordability agreements.
Scoring Committee:	This is the committee for that will be comprised of Department personnel, industry leaders and regional representatives that will be responsible for the competitive scoring and ranking the projects.
Underserved Regions:	This is a Region, county, city whose affordable housing needs are identified as underfunded relative to its affordable housing need.

Visitable: This means that a Project is able to be approached, entered and used by individuals with mobility impairments, including but not limited to individuals using wheelchairs.

## ADDENDUM A: ARCHITECTURAL GUIDELINES

The following outlines the architectural material to be submitted with the application and the architectural design guidelines that should be followed.

### **Architectural Review Submission Requirements – For All New Construction Projects and Rehabilitation Projects that Include Any New Construction**

Submit the specific documents required for design review with the application. These must not be construction documents, but the schematic or early design development documents. The architectural submission should include the information listed below:

- **Vicinity map** indicating the location of the site and amenities important to the residents such as groceries, schools, parks, activities on adjacent properties (e.g. single family dwellings, commercial retail etc.), and public transportation. If appropriate, the same vicinity map required in the environmental review checklist may be used.
- **Context photos** showing the property and adjacent properties. Indicate on the vicinity map where the photographs were taken. If the site varies in slope, submit photographs showing the extent and nature of the sloped areas. If photocopy photos are taken, include original photos in the original application and copied photos in the application copies.
- **Preliminary site design and development plan** with topographic data and a schematic landscape concept (1"=40' minimum scale). The site plan should include:
  - i. Site contours or, at a minimum, elevations on the corners of the property and each building; and preliminary grading including drainage away from buildings.
  - ii. Site features such as existing structures to be removed, trees or hedges to be retained and general areas of new plant materials, with other site features.
  - iii. All buildings with unit front entries indicated.
  - iv. All paved surfaces and site lighting, if determined.
  - v. Any fencing at perimeter of site and between units and buildings.
  - vi. Mechanical and electrical equipment such as transformers, if determined.
  - vii. Trash holding areas, if known.
- **Required site accessibility and visitability features:**

- i. Preliminary building exterior elevations at 1/8"= 1'0" minimum scale that includes size of building and rooflines. Include a visual indication of grade at the foundation wall of the site with each elevation when the site is sloped.
- ii. Preliminary building floor plans at 1/8"= 1'0" minimum scale and unit plan(s) at 1/4"= 1'0" minimum scale.
- iii. Preliminary building sections at 1/8" = 1'-0", when appropriate. These are required for sites where the grade slope exceeds 10 percent.
- iv. Typical unit plans with furniture arrangements. Unit interiors shall be designed for maximum livability and utilization of space by residents.
- v. List of applicable codes and regulations
- vi. Identify all federal, state and local codes and regulations that govern the project. If the work falls under code jurisdiction, provide a letter of intent, signed by the architect, to meet all applicable federal, state and local codes and regulations.
  - **Codes and regulations may include, but may not be limited to:**
    - HUD, NOAA (National Oceanic and Atmospheric Administration) and/or other federal regulations
    - Current edition of the Oregon Structural Specialty Code
    - Applicable local planning and building codes
    - Accessibility and visitability requirements
    - HUD Fair Housing Accessibility Guidelines
    - ADA Accessibility Guidelines
    - Uniform Federal Accessibility Standards (UFAS) applicable to HOME and other federally funded programs
    - Oregon Visitability Requirements (included in this document)

## **IINTRODUCTION TO GUIDELINES**

The Architectural Design Guidelines are designed to assist applicants in creating safe, livable and well-designed projects built for long-term viability. The guidelines should be followed for the Project to meet the architectural design threshold but exceptions may be requested in writing. All requests for exceptions should include a thorough and compelling explanation from the Architect for each instance a particular requirement cannot be met.

Some of the language below is *italicized*. These items are alternate suggestions for meeting some of the architectural requirements, or specific modifications to the requirements based on particular conditions.

### **Site Design Requirements**

#### *A. SITE SAFETY*

- Locate units so pathways from parking areas to units are direct and safe at night. Avoid pathways that pass through other residents' outdoor space or within ten feet of ground floor dwelling unit windows.
- Locate the buildings, when possible, so unit front entries are visible from the street or the parking area used by visitors and emergency vehicles.
- Design vehicular traffic and parking to minimize paved surface area and to minimize noise and safety issues for residents, especially children. Design roadways to discourage excessive vehicular speed.
- Provide visual and sound buffers between residential uses and incongruent uses on adjacent sites, e.g. industrial buildings and highways.
- Provide lighting on site to ensure safety of cars and residents at night. Locate fixtures to avoid shining into apartment windows.

#### *B. PLAY AREAS*

- Provide, if family housing, one or more on-site play areas for children under six years old that are visible from as many dwelling units as possible.
- Avoid locations that require children to cross parking lots and/or driveways to reach play areas.
- Provide places for adults to sit near these play areas.

#### *C. LANDSCAPING*

- Locate plant materials to enhance the livability of the development.

- Use plants to reinforce the separation of individual private outdoor spaces from community areas, to buffer cars from community outdoor space, to buffer noise, and to prevent soil erosion.

#### D. BUILDING ORIENTATION

- Orient units so every unit receives maximum daylight given the overall site development and specific architectural scheme.
- Organize buildings and units so that unit fronts face unit fronts and unit backs face unit backs, to increase the opportunity for useful common space and for privacy of bedrooms.
- Minimize the use of stairs on sloped sites between parking and unit entries.
- Use the topography wherever possible to gain level entry at different floors.

#### E. TRASH

- Provide trash holding areas that are both serviceable by truck and accessible to residents. Screen dumpsters from public view.
- Balance convenience to residents with adequate separation from living areas to avoid odor problems.

#### F. PROJECT SIGN

- Provide a project sign during construction which identifies the project and includes the Oregon Housing and Community Services name and logo as a source of funding.
- Provide a sign identifying HUD if HOME funds are in the project.
- Provide a sign with the Oregon Housing and Community Services name and logo type size no smaller than the other funders listed.

### **BUILDING DESIGN REQUIRMENTS**

#### A. OVERALL CONSIDERATIONS

- Design the building(s) with appropriate articulation of massing and roof line to be visually appealing and compatible with the neighborhood context.

#### B. BUILDING and UNIT EXTERIORS

- Use exterior materials that are compatible with the project's context and have an excellent track record for performance under a variety of weather and use conditions. Acceptable siding materials include wood, cement fiber or vinyl lap siding, wood or cement fiber panel

siding with battens applied horizontally and/or vertically, brick or textured concrete masonry units.

- Use materials other than Stucco and Synthetic stucco (EIFS) products as they are not approved for OHCS-funded projects.
- Provide wood casement trim around doors and windows of buildings that have wood or fiber cement exteriors.
- Limit roof penetrations, when possible, to surfaces away from public view.
- Screen mechanical equipment from public view.
- Delineate the main building entrance as an inviting focal point by using forms and materials consistent with the building design.
- Provide every unit with its' own exterior front door (except in apartment buildings with interior corridors) Include a front porch or covered landing sized to permit personal display and temporary placement of items being carried in and out of the unit.
- Provide a private outdoor space of at least 6 feet by 10 feet for each unit (backyard, porch or balcony) with direct physical and visual access from family living space. *Buildings in zero-lot-line urban contexts may explore substituting smaller balconies, belvederes or bay windows when full-sized balconies are not practicable on the upper floors. Increased habitable common outdoor space may be substituted when all of the units cannot have private outdoor space.*

#### C. PRIVACY

- Provide privacy between individual yards or patios with screens of fencing and landscape, or tall, thick landscaping at least six feet high.
- Minimize views from upper windows and balconies of one unit into the outdoor space or windows of another unit.
- Provide each unit with its' own entry path.
- Avoid shared entry pathways where the residents of one unit must walk across the welcome mat of their neighbors.

### UNIT DESIGN REQUIREMENTS

#### A. COMMON SPACES AND FURNISHINGS

- Design common living spaces (kitchen, dining area and living room) to accommodate the maximum number of people who might reside in the unit. (i.e. a dining area in a three bedroom unit needs to be larger than the dining area in a two bedroom unit).
- Design kitchens in three bedroom units to accommodate more than one person in the space at the same time.

- Configure bedroom windows, doors, and heat sources so residents can furnish every bedroom with two twin beds. *OHCS may allow minor exceptions for bedroom sizes on an individual basis, depending on the population served.*

#### B. CIRCULATION

- Design circulation through the unit to be as efficient as possible, incorporating it into living spaces, wherever possible, without diminishing furnishability and use of rooms. (An easily furnished room is one with uninterrupted walls and at least two corners and ideally three corners).
- Create a clear transition at the entry between semi-public and more private space. This can be accomplished with a porch, a foyer or a vestibule at front door so that the dwelling unit entry is separate and distinct from the dwelling unit common spaces.
- Provide a circulation path between bedrooms and bathrooms that does not pass through the common living area or other bedrooms. Bathrooms shall not be accessed directly from common living areas. Exceptions are studio or SRO units. Circulation to the bathroom in one-bedroom units may skirt the common space as long as the ability to furnish is not compromised.

#### C. BATHROOMS

- Provide a minimum of 1.5 bathrooms in three bedroom units.
- Provide two full baths in four bedroom units.

In either case above, at least one bathroom shall have a tub.

- Provide in townhouse units with two or more bedrooms, a ½ bath on the lower floor to serve the living/dining area (See the requirements for visitability).
- Provide no more than one full bathroom in two-bedroom flats unless an exemption has been obtained from OHCS. Exemptions will be granted when OHCS determines the additional bath is required for the target population(s). OHCS will consider specific exemptions on a unit-by-unit basis when a “Request for Exemption from Requirements” is included in the application.

#### D. ELEVATORS

- Provide elevators in buildings of three or more stories.
- Provide elevators in buildings of two stories that serve the elderly and/or disabled where units are evenly distributed between floors. “Townhouse over flat” designs totaling three stories need not provide elevators. Three story garden style buildings with twelve or fewer units per building do not need an elevator if they do not require accessibility for tenants with mobility impairments to the upper floors.

#### E. STORAGE

- Provide interior and exterior storage. Lack of adequate interior and exterior storage may also affect the long term unit marketability.

Include the following minimums:

- Provide a coat closet near front door.
- Provide linen storage near bedrooms and bathrooms. This can be accomplished with closet space or with built-in cabinets/shelves in the bathroom or laundry room.
- Provide interior bulk storage. Where feasible, provide 50 sq. ft. for two and three bedroom units and 60 sq. ft. for four bedroom units. *Closet space in excess of the minimum may be counted toward this requirement. The bulk storage requirement may also be partially satisfied by providing safe and convenient individual lockable interior storage elsewhere in the building.*
- Provide Bedroom closets a minimum size of 2' x 5'.
- Provide exterior bulk storage, to the extent feasible and where appropriate to the population, at a minimum of 20 sq. ft.
- Locate the outdoor storage space conveniently, near the door, porch, balcony or patio. Exterior storage is not included in unit floor area calculations.

#### F. NATURAL LIGHT

- Maximize the availability of natural light available to each unit.
- Provide natural light in every room or activity space possible, including dining areas and sleeping alcoves. Exceptions are the kitchens and baths.

#### G. LAUNDRY

- Provide a washer and dryer in family housing, or at least provide washer and dryer hookups in each unit.
- Provide convenient and accessible laundry rooms in projects without washers and dryers in the units.

#### H. ACOUSTIC SEPARATION

- Provide an acoustically controlled environment relative to exterior noise as well as noise from adjacent units and public spaces.
- Construct walls between apartments with staggered studs and sound attenuating insulation or resilient channels with sound attenuating insulation to minimize structure borne and airborne transmission of sound.
- Provide resilient channels with sound attenuating insulation ceilings between apartments.

#### I. BATHROOM AND KITCHEN EXHAUST

- Provide bathrooms with ceiling exhaust fans and kitchens with range hood exhaust fans.

- Connect all mechanical exhaust systems directly to the outside. Professionally engineered alternate systems that provide good bathroom and kitchen ventilation are acceptable, particularly for urban mid-rise buildings.

#### J. MINIMUM AND MAXIMUM UNIT FLOOR AREAS

- Design dwelling units large enough to accommodate the intended population.
- Provide unit designs that make efficient use of public resources.
- Draw and submit typical furniture arrangements on plans to ensure and demonstrate adequate function of all spaces.

The following table shows the minimum floor areas required and maximum floor areas the Department requires for CFC-funded projects: See the APPENDIX for approved methods in calculating unit floor area. Exterior storage is not included in the unit floor area calculations.

<u>Unit Type</u>	<u>Minimum Required Unit Floor Area (Square Feet)</u>	<u>Maximum Allowable Unit Floor Area (Square Feet)</u>	<u>Maximum Allowable Floor Areas for Townhouses and Accessible Units</u>
<u>SRO</u>	<u>175</u>		
<u>Studio</u>	<u>350</u>		
<u>1 Bed / 1 Bath</u>	<u>600</u>	<u>690</u>	<u>740</u>
<u>2 Bed / 1 Bath</u>	<u>800</u>	<u>900</u>	<u>950</u>
<u>3 Bed / 2 Bath</u>	<u>1,000</u>	<u>1,200</u>	<u>1,250</u>
<u>4 Bed / 2 Bath</u>	<u>1,250</u>	<u>1,400</u>	<u>1,450</u>
<u>ALF/RCF Studio</u>	<u>300</u>		
<u>ALF/RCF 1 Bed</u>	<u>450</u>		

OHCS will only consider projects that meet both the minimum and maximum unit floor area requirements for funding. A “Request for Exemption from Minimum or Maximum Unit Floor Area Requirements” may be included with the application.

### **Green Building Requirements**

Applicants must include green building requirements when developing the project plans. Applicants will be expected to follow through with the green building path they chose. If applicants are unable to complete that path, they must request approval to choose a different path. The Department reserves the right to rescind resources if green building activities are not followed.

The Department has established a process that connects the Requestor to three existing green building paths available throughout the state. In addition, the Department has established a fourth green building path for those projects that cannot be served by any of the other three programs. The three green building programs selected are Enterprise Green Communities, Earth Advantage Homes, and LEED for New Construction or Homes. Applicants must choose to work within one of the four processes. Listed below is contact and process information for each program. This is followed by a brief description of the Department’s green building criteria. The list of specific of criteria is on the Green Building Checklist found in the Self Scored section.

The Department has listed the following Enterprise Green Communities, Earth Advantage and LEED program information as a courtesy. The Department takes no responsibility for the accuracy of the program material. Requirements or criteria may have been updated by any of the program providers. Applicants should confirm the provider’s expectations before committing to a specific program.

### **Enterprise Green Communities (“Enterprise GC”)**

- Addresses new construction and major rehabilitation (replacement of one or more major systems).
- Project must have at least 25 rental apartments occupied by households at or below 60 percent AMI to qualify.
- Rehabilitation projects must undergo an energy audit that identifies baseline energy performance of existing measures and anticipated energy improvement from proposed new measures.
- Applicants are strongly encouraged to engage a contractor to review design materials, walk the project site, discuss green building intentions and obtain a rough cost estimate of total and green building-related project costs.
- Applicants may also benefit from an early project brainstorm session or “Eco-Charrette” with a team of experts and stakeholders to help them identify approaches to achieve Green Communities certification.
- Enterprise GC has grants available to assist with costs from Eco-Charrettes and pursuit of certification.
- Projects not selected for funding may still pursue Enterprise GC certification and incentives.
- Successful applicants will be required to register the project with Enterprise within 60 days of notification of a successful request.
- Signed verification of registration must be provided to the Department within 75 days of that notification.
- All successful applicants will receive Enterprise’s reporting and verification of green building certification requirements for the Department but will not exceed those already required by the Enterprise GC program.
- Enterprise GC certification requires the project architect and/or engineer sign a template to verify that each selected criteria has been implemented into the project. No additional supplemental documentation is required.
- Enterprise reviews and confirms the submitted materials and the project is then certified
- The applicant is responsible to forward the proof of certification to the Department.

Program requirements are available at: [www.greencommunitiesonline.org/tools/criteria/](http://www.greencommunitiesonline.org/tools/criteria/)

or: Enterprise Community Partners  
520 S. W. Sixth Avenue, #700  
Portland, Oregon 97204  
Phone: 503 223-4848

## **Earth Advantage Homes (“EA”)**

### **Addresses single and multi-family new construction**

- Projects that pursue the EA compliance path must have an initial EA consultation.
- Applicants are strongly encouraged to engage a contractor to review design materials, walk the project site, discuss green building intentions and obtain a rough cost estimate of total and green building-related project costs.
- Successful applicants will be required to register the project with EA within 60 days of notification of the successful application.
- Signed verification of registration must be provided to the Department within 75 days of notification.
- All successful applicants will receive EA’s reporting and verification of green building certification requirements for the Department but will not exceed those already required by EA.
- EA certification requires approximately 2-3 total field inspections during and after construction and review of the final green building worksheet by an EA representative.
- No additional supplemental documentation is required.
- EA reviews and confirms the submitted materials and the project is then certified.
- The applicant is responsible to submit the certification to the Department.

Program requirements are available at [www.earthadvantage.org/](http://www.earthadvantage.org/) or:

#### **Earth Advantage National Center**

16280 S. W. Upper Boones Ferry Rd  
Portland, Oregon 97224  
Attn: Duane Woik  
Phone: 503 968-7160, x-14

#### **Earth Advantage (So. Oregon)**

715 Sunrise Street  
Ashland, Oregon 97520-3349  
Attn: Fred Gant  
Phone: 541 840-8302

#### **Earth Advantage (Central Oregon)**

345 Century Drive, #20  
Bend, Oregon 97702  
Attn: Bruce Sullivan  
Phone: 541 480-7303

**Earth Advantage (Valley)**

2695 Madison Street  
Eugene, Oregon 97405  
Attn: Eli Volem  
Phone: 541 510-9310

**LEED Certification (“LEED”)**

Applicants that pursue LEED for New Construction certification automatically comply with the Department Green Building Standard. LEED projects are anticipated to meet or exceed the performance sought by the Earth Advantage and Enterprise Green Communities baseline compliance paths. These projects must submit a completed LEED scorecard, the Department Green Building Worksheet, proof of project registration with the U.S. Green Building Council (USGBC) or a signed statement of intent to register the project with the USGBC for LEED for New Construction or Homes program within 60 days of notification of a successful application.

Program requirements are available at: [www.usgbc.org/](http://www.usgbc.org/).

**The Department Path for Acquisition/Rehabilitation or Acquisition only projects**

The Department Path addresses other projects not eligible for participation in the other three programs. If a project is ineligible for Enterprise Green Communities, EA or LEED Certification, applicants must work with the Department path.

- Applicants must submit the Green Building Worksheet in the application.
- Successful applicants may be required to provide a completed third party energy audit to the Department within 75 days of notification of funding; and
- Submit specified evidence at project closing that verifies work was completed as stated.

## **APPENDIX**

### **Calculating Unit Floor Area**

Calculate Floor areas for each unit using the following methods, based on the unit placement in a particular building:

- Outside face of exterior wall to outside face of exterior wall.
- Outside face of exterior wall to center of party wall.
- Outside face of exterior wall to hall face of corridor wall.
- Center of party wall to center of party wall.
- All interior spaces, walls, structural elements and voids will be included in the calculated floor area, except as specifically excluded below.

#### **Exclusions:**

- In multi-story units, the floor area dedicated to stairs should only be counted once, for a total maximum exclusion of 50 (fifty) square feet.
- Vertical Mechanical and Electrical chases will be excluded from unit floor area calculations.
- Balconies, porches, patios and exterior storage spaces will be excluded from unit floor area calculations.

### **Calculating Room Floor Area (Net Useable Area)**

- Floor area for each room will be calculated by measuring to the inside face of each wall.

### **Calculating Total Building Floor Area (Gross Area):**

- Total building floor area will be the sum of the areas enclosed by the exterior face of the exterior walls on each floor.
- Balconies, porches and patios will be excluded from calculation of total building floor area.

### **Disclaimer of Liability**

The responsibility for the project meeting minimum health and safety standards is the responsibility of state and local jurisdictions and the project sponsor/owner.

