



Predevelopment Loan Programs

(Program Factsheet)

Section Manager

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Page 1 of 2

Program Overview

The Oregon Housing and Community Services Department (the “Department”) predevelopment loan programs are intended to facilitate the development of high quality, affordable housing by providing below market financing and flexible terms for site acquisition and typical predevelopment expenses. The programs have been made possible through a variety of funding sources. The Department will underwrite, originate, and service the loans directly. The Predevelopment Loan Programs are as follow:

- Predevelopment Loan Program
- Seed Money Advance Loan Program
- Market Study Loan Program
- Capital Needs Assessment Loan Program

Eligible Projects

- New construction or acquisition/rehabilitation.
- Multiple homeownership (subdivisions) with a minimum of five (5) or more lots
- Multi-family rental housing with a minimum of five (5) units

Eligible Predevelopment Costs

Eligible predevelopment costs include, but are not limited to: architectural design, legal fees, land surveys, soil or environmental reports, appraisals, market studies, consultant fees, land acquisition costs, federal/state application fees, and other recoverable development costs approved by the Department. In general, developer fees are not eligible predevelopment costs to be paid with predevelopment loan funds.

Program Requirements

- Projects must meet the Department’s statutory affordability requirements.
- Loan funds are disbursed in an escrow company acceptable to the Department.
- Loans are to be repaid with the first available funding source including but not limited to the first construction draw.
- Early repayment is encouraged.
- Loan requests must provide adequate verification of acceptable value and control of the security and lien position on the security.
- Based on risk to the Department, loan guarantees may be required.
- No ownership or borrower transfers are allowed during the term of the predevelopment loan.
- Predevelopment Loan funds are available to qualified for-profit, non-profit and governmental organizations.





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Page 2 of 2

- The only project eligible cost under the Market Study program is for the market analysis required for Low Income Housing Tax Credit projects.
- The only project eligible cost under the Capital Needs Assessment (CNA) Loan program is for third party Capital Needs Assessment.

Predevelopment Loan Terms/Interest Rate

Loans must be repaid either with the first construction draw, another funding source, or within the specified term of the loan; whichever occurs first. Early loan repayment is encouraged. Interest accrues beginning the day the Department wires funds to escrow. The maturity date of the loan is based on the wire date. Any loan amount unpaid after the loan maturity date shall be subject to a monthly late fee based on the unpaid balance, increased interest rate, and potential foreclosure on the security. For specific loan program terms/interest rate see the predevelopment loan programs application.

Predevelopment Loan Charges

A non-refundable Application Charge is due when the Borrower submits the Application. A Loan Charge is due upon the Borrower's written acceptance of the terms of the Commitment Letter, and payable at the time of the loan closing or 90 days after acceptance of the Commitment Letter, whichever is sooner. For specific program loan charges see the predevelopment loan programs application.

Funds Availability

The predevelopment loan programs are all revolving loan funds with limited funds in the accounts. The availability of funds is dependent upon the number of outstanding loans at the time of application. Due to the limited amount of funds, borrower applications are reviewed on a first-come, first-served basis. To find out about funding availability, contact the appropriate Regional Advisor to the Department or Loan Officer.

For More Information

To talk with someone about developing affordable housing in your area, contact a [Regional Advisor to the Department](#) or call 503.986.2000.

OHCS is the state housing finance agency, providing financial and program support to create and preserve opportunities for quality, affordable housing for lower income Oregonians. The agency also administers federal and state antipoverty, homeless and energy assistance community service programs.

