

# Gilliam County Attainable Housing Incentive Programs

## Purpose, Program Descriptions, Process

### Purpose and Intent of this Program

The purpose and intent of the following programs is to improve and increase the availability of attainable, workforce housing stock in Gilliam County whereas:

- Quality, attainable housing is needed to encourage employers to locate and employees to live in Gilliam County.
- Dilapidated and vacant houses create blight in neighborhoods and discourage potential residents and employers from moving to Gilliam County.
- The market in frontier counties may not support the necessary investment that would be required to bring existing housing up to working family standards or to construct new single or multi-family housing.
- Housing construction loans can be more difficult to secure than permanent mortgages.
- This program is not intended to compete with private lenders.

Therefore: These programs are designed to provide incentives to Gilliam County property owners and developers seeking to make improvements to existing dwellings and/ or for construction of new housing.

### Eligible Participants

- Developers, Contractors, Home Buyers (For new construction single family homes, must be pre-approved through a traditional lender for permanent loan).
- Preference given to Gilliam County residents and companies.

### Programs 1&2: New Single and Multi-Family Construction Loans

Pioneer Community Development Corporation (PCDC) will provide new construction loans to qualified applicants seeking to build new single or multi-family housing in Gilliam County.

- Single family construction loans will have a maximum loan amount of the lesser of \$180,000 or 80% of the "As Completed" value determined by an independent appraisal. The interest rate will be fixed, at the time of loan approval, at the then current Prime Interest Rate as reported in *The Wall Street Journal* on that date. Borrower's loan payments will be interest only and interest will begin to accrue with the first construction loan disbursement. Full Repayment of the loan by the borrower to PCDC must be made no later than 18 months from the date of the first loan disbursement.
- Multi- family construction loans will have a maximum loan amount of the lesser of \$270,000 or 80% of the "As Completed" value determined by an independent appraisal. The interest rate will be fixed, at the time of loan approval, at the then current Prime Interest Rate as reported in *The Wall Street Journal* on that date. Borrower's loan payments will be interest only and interest will begin to accrue with the first construction loan disbursement. Full Repayment of the loan by the borrower to PCDC must be made no later than 18 months from the date of the first disbursement.

Basic Requirements to Qualify for a New Construction Program Loan:

- Project is for construction of new stick-built housing or new manufactured homes that are double-wide or larger on a foundation and cannot be used as a second home.
- Housing unit(s) to be located within Gilliam County.
- Borrower must own the land to be built on free of encumbrances. Land value can be used towards borrower's equity contribution in the project.

#### Application and Loan Approval Process:

1. Applicant completes application form and submits all requested documentation.
2. PCDC staff reviews application for completeness and the meeting of all program requirements.
3. For projects that meet all requirements, PCDC staff submits a copy of the application to the PCDC Loan Committee for review.
4. PCDC Loan Committee approves or denies the loan application based on their review.

#### For approved projects:

- A. Using the building plans and description of materials form submitted by the Borrower to PCDC, an independent appraisal will be performed to arrive at an "As Completed" value of the property which will determine the loan amount based on the program's loan-to-value policy.
- B. Borrower signs a Promissory Note to PCDC and signs and records a Deed of Trust to PCDC.
- C. After verifying that borrower or their contractor has obtained all required permits, surveys, etc, a Notice to Proceed will be issued to the general contractor to begin construction.

### **Program 3: Housing Rehabilitation Construction Loans**

Pioneer Community Development Corporation (PCDC) will provide construction loans to qualified applicants for the rehabilitation of existing non-owner-occupied, stick-built dwellings on a foundation in Gilliam County. Rehabbed houses cannot be used as a second home. Applicant may also qualify to use PCDC's Grant program for Demolition, Abatement or extension of utilities.

Housing rehabilitation construction loans will have a maximum loan amount of the lesser of \$50,000 or 85% of the "As Completed" value determined by an independent appraisal. The interest is fixed at 3%. Interest only to be charged on disbursements made during the construction process. At construction project's completion, the loan converts to a 60 month term with monthly principal and interest payments based on a 20 year amortization schedule at the same interest rate originally fixed for the loan. Full repayment of the loan by the borrower to PCDC must be made no later than 60 months from the date of the construction project's completion.

**Eligible Improvement** Projects: Eligible projects are those that further the purpose and intent of the program. Projects may include, but are not limited to: improvements to building structures, HVAC, roofing, plumbing, electrical systems, flooring, interior, exterior finishing and curb appeal landscaping. Eligible projects do not include improvements to manufactured dwellings.

**Eligible Use of Funds:** Eligible Improvement Project construction costs incurred by a licensed contractors and costs necessary to purchase materials, local and/or state permits for the described construction, recording, title insurance and appraisal/inspection fees. Unless the owner/borrower is a licensed and bonded contractor in the state of Oregon, work performed by the owner/borrower will not be eligible for reimbursement.

#### Basic Requirements to Qualify for a New Construction Program Loan:

- Project is for rehabilitation of existing non-owner-occupied, stick-built housing on a foundation and cannot be used for a second home.
- Housing unit(s) to be located within Gilliam County.
- The dwelling must meet FHA/VA habitability standards once the rehabilitation is completed.
- A copy of a deed instrument, sales contract, or accepted purchase agreement demonstrating ownership of the subject property and thereby authority to make improvements to the subject property.

Application and Loan Approval Process:

1. Applicant completes application form and submits all requested documentation.
2. PCDC staff reviews application for completeness and the meeting of all program requirements.
3. For projects that meet all requirements, PCDC staff submits a copy of the application to the PCDC Loan Committee for review.
4. PCDC Loan Committee approves or denies the loan application based on their review.

For approved projects:

- A. Using the building plans and description of materials form submitted by the Borrower to PCDC, an independent appraisal will be performed to arrive at an "As Completed" value of the property which will determine the loan amount based on the program's loan-to-value policy.
- B. Borrower signs a Promissory Note to PCDC and signs and records a Deed of Trust to PCDC.
- C. After verifying that borrower or their contractor has obtained all required permits, surveys, etc, a Notice to Proceed will be issued to the general contractor to begin construction.

The County may require the applicant to be approved for a permanent take out loan through a federally insured financial institution upon completion of construction. This program is not intended to compete with private sector lending.

**Program 4: GRANTS FOR DEMOLITION, ABATEMENT & UTILITY EXTENSION**

Pioneer Community Development Corporation (PCDC) will provide grants to owners of residential property located within the limits of the incorporated towns of Gilliam County for the following purposes:

1. Demolition, removal and disposal of derelict structures and trailers.
2. Abatement of environmental hazards (for example, asbestos) discovered during an inspection prior to demolition of a structure or prior to work beginning on a housing rehabilitation construction project.
3. Extending of existing utilities to a new home site

To access this program, grantees will agree, in writing, that after demolition, removal and disposal of the derelict structure(s) is complete and contractor(s) paid in full to either:

1. Put their now vacant lot up for sale within 30 days at the current Real Market Value (RMV) for the land as determined by the Gilliam County Assessor. \*\*
2. Begin construction of a new single or multi-family (zoning permitting) housing unit on the now vacant lot. \*\*

**\*\* AFTER 24 MONTHS FROM DISBURSEMENT OF GRANT FUNDS, IF THE GRANT RECIPIENT (PROPERTY OWNER) HAS FAILED TO SELL THEIR LOT OR BEGIN NEW CONSTRUCTION ON THEIR LOT, THE PREVIOUSLY AWARDED GRANT MUST BE REPAID TO PCDC IN THE FORM OF A 36 MONTH, FIXED RATE TERM LOAN PAYABLE TO PCDC IN EQUAL MONTHLY PAYMENTS OF PRINCIPAL AND INTEREST.**

Prospective grant recipients will be responsible for obtaining bids for their specific project from qualified, *licensed* contractors. For project bids exceeding \$10,000, the applicant will agree, in writing, to pay for the overage and provide documentation demonstrating their financial ability to pay for the remaining balance

owed to the contractor(s). All grant funds awarded by PCDC will be disbursed directly to the individual project contractor(s) upon verified completion of their work and submittal of an invoice to PCDC. Maximum, individual grant amounts for the demolition, removal and disposal are \$10,000 for houses and \$2500 for trailers.

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Applications for the loan and grant programs will be available beginning March 1, 2018. All loan applications are subject to approval by PCDC's Loan Committee and availability of program funds. For more information on any of the programs or to begin the application process, please contact Rob Turrie, Executive Director of Pioneer Community Development at 541-384-3769 or email [rturrie@ncesd.k12.or.us](mailto:rturrie@ncesd.k12.or.us).

