



Land of Cheese, Trees and Ocean Breeze

MEMO

Date: August 20, 2025
To: Tillamook County Board of County Commissioners
From: Sarah Absher, CFM, Director
Subject: Moderate Income Revolving Loan (MIRL) Program Proposal

Included with this memorandum is the draft framework for a resolution to implement a Moderate Income Revolving Loan (MIRL) Program in Tillamook County. Parker Sammons, Housing Coordinator, has been program lead on development and implementation of the program. In coordination with his efforts, we are deeply grateful for the work and leadership of County Assessor KaSandra Larson and County Treasurer Shawn Blanchard. Implementation and management of this program will be a joint effort across multiple departments.

If implemented in Tillamook County, the County will join a very small group of other jurisdictions who have recently implemented a MIRL program to help promote and support housing efforts. Also included with this memorandum are copies of the Coos Bay MIRL Ordinance and a draft copy of Creswell's MIRL draft ordinance.

Also included are copies of the state program manual and an email from Parker dated August 14, 2025, sent to Rachel Hagerty, County Counsel and Isabel Gilda.

Background:

The Moderate-Income Housing Revolving Loan (MIRL) Program was established by Senate Bill 1537 in the 2024 Legislative Session. It allocated \$75 million in General Fund resources to capitalize the Housing Project Revolving Loan Fund. A maximum of \$50 million is available for the first two (2) years after Program launch. The remaining \$25 million will be added to the Program after the two-year mark.

The MIRL Program is intended to support and expand local very low, low- and moderate-income housing production across the state through a revolving loan structure. To ensure resources reach across the state and address the challenges Rural Sponsoring Jurisdictions face in the timely submission of Program Loan Requests, OHCS is establishing a rural utilization floor for all initial Program Funds. The floor ensures at least 20 percent of all initial offerings – \$10 million in the initial offering – will be loaned to Rural Sponsoring Jurisdictions.

OHCS will monitor usage and hold resources for Program Loan Requests from Rural Sponsoring Jurisdictions. If the rural funding floor is not utilized within two (2) years, OHCS reserves the right to offer the rural resources to all Program Loan Requests at the Department's sole discretion.

Due to the limited amount of funds available, time is of the essence to implement a program in Tillamook County so that funds can be accessed as quickly as possible.

How It Works:

The MIRL Program is a loan program limited to development of new housing, or conversions of non-residential structures to housing, for households earning 120 percent or less of the Area Median Income (AMI). Housing improvements are exempt from property taxes for an assumed period of ten (10) years.

A Sponsoring Jurisdiction, such as Tillamook County, uses a Program Loan from Oregon Housing and Community Services (OHCS) to award Project Grants for “Eligible Housing Projects”, projects that are new housing, or conversions of non-residential structures to housing, for households earning 120 percent or less of the Area Median Income (AMI), specifically very low, low- and moderate-income housing. In lieu of regular property tax payments on the improvements, the Developer / Fee Payer will pay a predetermined annual program fee for the duration of the property tax exemption.

From the annual program fee, the County Assessor makes Program Loan payments to OHCS (from originating Loan Agreement with the Sponsoring Jurisdiction). As Program Loans are repaid through the Program Fee structure, the Department can issue new Program Loans for additional very low, low- or moderate-income housing development.

How Program Funds Can Be Used:

Program Funds may be used for costs related to infrastructure, predevelopment, construction, and land write-downs. Housing Projects utilizing Program Funds will be subject to Affordability Requirements for the term of the Program Loan or ten (10) years, whichever is greater.

Property tax exemptions under the MIRL Program are specific to the *improvements* to the property in a given Project. The MIRL Program exemption may not be combined with other property tax exemptions that also apply to project improvements (*i.e.*, the Eligible Housing Project Property). Property tax exemptions on “nonexempt property” (such as the land) do not affect improvement exemptions and are allowable.

Establishment of a Local Grant Program:

The Sponsoring Jurisdiction may create a program through an ordinance or resolution. The Originating Ordinance or Resolution must include all additional requirements and parameters the Sponsoring Jurisdiction plans to layer onto the MIRL Program’s minimum requirements. Some examples that a Sponsoring Jurisdiction may consider when adopting this Ordinance or Resolution include, but are not limited to:

- Require or incentivize deeper affordability than is required by the minimum Affordability Requirements.
- Restrict the type of housing that is eligible for the Program (e.g., only rental housing, only for-sale housing, only middle housing types, etc.).
- Establish restrictions related to the size and number of Project Grants, and/or certain costs associated with the Program.
- Incentivize Projects in certain locations (e.g., infill initiatives).
- Set lower caps on Project Grant amounts than the maximum amounts allowed under SB 1537 (2024).
- Allow Project Grant awards to be based upon a Loan Term longer than the default ten (10) years, up to a maximum of fifteen (15) years. OHCS will not approve Program Loan Requests with Loan Terms longer than fifteen (15) years.

OHCS requires that the originating ordinance or resolution include the following:

- A definition of “local site approval”;
- A Compliance Plan that outlines how the Sponsoring Jurisdiction intends to ensure Affordability Requirements are being met for the duration of the Program Loan or ten (10) years, whichever is longer. *OHCS does not intend to approve or deny Compliance Plans, as it is the Sponsoring Jurisdiction’s role to ensure Affordability Requirements are met;* and

- A description of how the Sponsoring Jurisdiction will calculate the utility allowance for a given unit in an Eligible Housing Project.

The draft resolution included with this memorandum contains the framework language required by OHCS. With this, the County will need to establish a local application process for the program. As part of the development of this application process, consideration of roles and responsibilities should also be determined, including the role of the Tillamook County Housing Commission in this process.

After a Sponsoring Jurisdiction adopts its Originating Ordinance or Resolution establishing its Grant Program, it will enter into an Intergovernmental Agreement – “Master Agreement” – with OHCS which contains the general terms and conditions that will apply to any subsequent Loan Agreement.

How to Apply for Program Loan:

When a Sponsoring Jurisdiction provisionally approves a Project Application, it must submit the Provisionally Approved Application to OHCS for additional review and completion check as part of the program loan request.

When a Sponsoring Jurisdiction is preparing to submit a Program Loan Request to OHCS, the Sponsoring Jurisdiction must complete the **Intent to Apply** form on the Moderate-Income Revolving Loan webpage. This will prompt OHCS to set up a Procorem WorkCenter for the Sponsoring Jurisdiction, which will allow for documents to be uploaded to a secure site. OHCS will notify the Sponsoring Jurisdiction of how to access the Procorem WorkCenter shortly after receipt of the Intent to Apply (typically within 3-5 business days).

The Master Agreement (Intergovernmental Agreement) with OHCS must be in place to move forward with OHCS review of the program loan request.

OHCS Consideration & Review:

OHCS will determine if sufficient Program Funds are available and will review the Program Loan Request only if sufficient Program Funds are available to fund the Project. If OHCS has available Program Funds but not enough to fund the Project in full, OHCS will work with the Sponsoring Jurisdiction to determine if the Developer wants to withdraw the Provisionally Approved Application until more Program Funds are available or move forward with the available Program Funds. As mentioned previously, OHCS reviews proposals on a first-come, first-reviewed basis on the date on which the Sponsoring Jurisdiction submits a Program Loan Request and all required materials in their Procorem WorkCenter.

Program Loan Requests that pass these initial checks will have Program Funds tentatively reserved for their Project while OHCS makes a final determination on their Request.

- If the Request is ultimately approved, the Sponsoring Jurisdiction and OHCS will enter into a Loan Agreement.
- If the Request is ultimately denied, the tentatively reserved Program Funds will become available for other Sponsoring Jurisdictions.

OHCS Review Criteria:

The OHCS MIRL Program Manual outlines the process and criteria upon which a decision is made to approve or deny a fund request. Incomplete Program Loan Requests (Sponsoring Jurisdiction is at fault) or incomplete Provisionally Approved Applications (Developer is at fault) will have a reasonable period of time to cure or supplement, will not lose their tentative resource hold during that period. (Reasonable means 14 days unless OHCS determines there is good cause to allow for a longer period).

Approval & Loan Agreement:

Once OHCS has confirmed approval of a Project Loan Request, the Sponsoring Jurisdiction must notify the Developer / Project Applicant and confirm the Developer’s continued interest in the Project Grant. Once verified,

Sponsoring Jurisdiction will enter into a Loan Agreement with OHCS. The form of the Loan Agreement will be an exhibit to the Master Agreement that OHCS and the Sponsoring Jurisdiction executed. The Loan Amount shall be equal to the sum of the following:

1. The Grant Funds;
2. An amount equal to 5 percent of the Grant Funds (to reimburse the Sponsoring Jurisdiction for the costs of administering the Grant Program); and
3. An amount equal to 1 percent of the Grant Funds (to reimburse the County Tax Officer for the costs of the tax administration of the Grant Program).

If OHCS and the Sponsoring Jurisdiction are unable to enter into a Loan Agreement, OHCS will reject the Program Loan Request as incomplete.

When a loan agreement is fully executed, the Sponsoring Jurisdiction will enter into a grant agreement with the developer/recipient. Once the grant agreement is executed, the Sponsoring Jurisdiction must adopt a project-specific ordinance or resolution as outlined in the manual. After the project-specific ordinance or resolution has been adopted, the Sponsoring Jurisdiction will notify OHCS and submit a copy of the grant Agreement and the project-specific ordinance or resolution through its Procurement WorkCenter.

The submission of the grant agreement and project-specific ordinance or resolution will initiate disbursement of the total loan amount. The grant agreement and project-specific ordinance or resolution must be adopted and submitted to OHCS prior to processing and disbursement of loan funds.

Tax Exemption:

Upon receipt of a copy of the grant Agreement and project-specific ordinance or resolution from the Sponsoring Jurisdiction, the County Assessor shall:

1. Exempt the Eligible Housing Project Property from ad valorem property taxation in accordance with SB 1537 (2024);
2. Assess and tax the Nonexempt Property in the tax account as other similar property is assessed and taxed; and
3. Submit a written report to the Sponsoring Jurisdiction, setting forth the estimate of the amount of:
 - The real market value of the exempt Eligible Housing Project Property; and
 - The property taxes on the exempt Eligible Housing Project Property that would have been collected if the property were not exempt.

The exemption shall first apply to the first property tax year that begins after the completion of the project. Exemption disqualification guidelines are also included in the manual. Once the project has been disqualified from the exemption, the property shall be assessed and taxed as other similar property is assessed and taxed.

Collection of Program Fees, Fire District Fee & Assessor Role:

The collection of Program Fees associated with the MIREL Program is the sole responsibility of the County Assessor for each Sponsoring Jurisdiction. Program Fees will be collected through the normal property tax collection process.

After collecting the fee, the County Assessor shall estimate the amount of operating taxes as defined in ORS 310.055 and local option taxes as defined in ORS 310.202 levied by fire districts that would have been collected on the project if the property were not exempt, and shall distribute those amounts out of the collected Fee to the respective fire districts when other ad valorem property taxes are distributed under ORS 311.395.

The amount that remains after the County Assessor distributes any Fire District Fees out of the Program Fee is called the "Net Program Fee". The County Assessor shall distribute the net program fee to OHCS.

NOTE: The total Program Fee amount due during the term of the Fee obligation will exceed the Grant Funds received by the Developer because the Program Fee also includes administrative costs for Sponsoring Jurisdictions and participating County Assessment & Taxation offices.

Next Steps:

In order to move forward with implementation of the MIRL program and get applications to OHCS for funding awards, the County must take the following steps:

- 1. Pass a Resolution or Adopt an Ordinance**
- 2. Finalize a “Master Agreement” with OHCS**
- 3. Finalize & Implement Local Application Process**
4. Development & Implement MIRL Program
 - a. MIRL program does not have to be developed and implemented prior to submitting applications to OHCS for funding awards.

The MIRL program does not need to be developed by the Sponsoring Jurisdiction to send eligible applications to OHCS for consideration and funding award. Steps 1-3 must be completed as outlined in this memorandum and the OHCS manual.

To assist with administrative costs for implementation of a MIRL program, OHCS is currently in process of developing a capacity building grant program for assistance with a target completion time of October. The capacity building grant is intended for sponsoring jurisdictions working to implement a MIRL program. Grant awards of up to \$100,000 per sponsoring jurisdiction are possible to assist with the administrative tasks of development and implementation of a MIRL program.

Year End Goals:

With Board direction and support from County partners, the Department would like to proceed with bringing the resolution forward as well as a master agreement with OHCS by the end of September. Through the month of September, the Department will work with County partners on development of the MIRL application submittal process and bring the process framework back to the Board for further direction and approval.

In October and provided the first two steps have been completed, the Department will announce the County is accepting applications for the MIRL program. Target date to complete local application review process and submit applications to OHCS would be late Fall.

Also in October, the Department will apply for a Capacity Building Grant promptly after receiving notification from OHCS the grant is available.

As this work is happening, the Department will continue to work with the County Assessor’s Office, BOCC and County Treasurer’s Office on development and implementation of the MIRL program in Tillamook County.