

BES Financial Assistance Programs
ENB – 4.28
April 2024 Update – Public Review Draft



ENVIRONMENTAL SERVICES
CITY OF PORTLAND
working for clean rivers

Table of Contents **Page**

1. Applicability 2

2. Purpose 2

3. Definitions 2

4. Regulatory Authority 2

5. Financial Assistance 3

6. Non-Payment and Default of Loan Terms 8

7. City Responsibilities 9

8. Administrative Review and Appeal 9



1 These are [the](#) administrative rules for the Bureau of Environmental Services ([BES](#)) financial assistance
2 programs.

3 **1. Applicability**

4 ~~The Bureau of Environmental Services (BES)~~ provides the following financial assistance:

- 5 A. To property owners ~~to install sanitary sewer connections to the City system as required by the~~
6 ~~Mandatory Sewer Connection Program (ENB-4.18) or Nonconforming Sewer Connection Program~~
7 ~~(ENB-4.27), required to connect to the public sewer system as generally described in Portland City~~
8 ~~Code (PCC) Chapter Section 17.33.030.~~
- 9 B. To property owners to install sanitary sewer dumps for recreational vehicles on private property
10 as required by Portland City Code (PCC) Section 29.50.050.
- 11 C. To ~~s~~[Safety Net Loan-qualified](#) ~~low-income~~ property owners to make emergency plumbing
12 repairs to continue sanitary sewer service.

13 **2. Purpose**

14 The BES financial assistance programs ~~are intended to~~ advance the following City goals and objectives:

- 15 A. Support and promote private economic development and community reinvestment.
- 16 B. Preserve the financial integrity of the City’s sanitary sewer utility.
- 17 C. Reduce the financial impact on utility ratepayers of system improvements.
- 18 D. Support low-income property owners’ compliance with requirements by offering Safety Net
19 Loans.
- 20 E. Facilitate compliance with sewer requirements by property owners, tenants, and houseless
21 individuals.
- 22 F. Minimize any hardships and dislocations caused by sewer connection requirements.

23 **3. Definitions**

24 ~~Definitions Terms~~ used in these rules are ~~from defined by Portland City Code (PCC) Chapters 17.32,~~
25 ~~17.33, and 17.36. These rules use and~~ the following ~~additional definitions~~:

- 26 A. **“Household Members”** means all persons, regardless of relationship or age, who are considered
27 dependents of the loan applicant as defined by the Internal Revenue Service. Those persons ~~not~~
28 determined [not](#) to be dependents but who reside permanently in the household may be counted.
- 29 B. **“In Title”** means people listed on the property title.
- 30 C. **“Loan Applicant”** means ~~the~~[a](#) person(~~s~~) who is ~~the~~[a](#) legal property owner(~~s~~).
- 31 D. **“Supportive Documents”** means the written materials provided by the loan applicant required to
32 verify the complete financial status of the loan applicant’s household, including income, assets,
33 allowable deductions, and other facts related to financial program eligibility.
- 34 E. **“Verification Forms”** means the forms and papers originating from BES for the purpose of
35 verifying information relative to sewer connection deferrals and financial assistance.

36 **4. Regulatory Authority**

37 These rules are authorized by PCC Title 17 and PCC Section 3.13.040. These rules implement the



38 following:

- 39 A. PCC Section 17.33.075070, Financial Assistance for Required Sewer Connection.
 - 40 B. PCC Section 17.~~33.070~~36.040, ~~Deferrals of Required Sewer Connection~~Financial Assistance.
 - 41 C. Council Ordinance No. 190718.
- 42

43 5. Financial Assistance

44 BES provides financial assistance through loans and payment deferrals to assist with sewer connections
45 and to prevent disruption of service. Access to financial assistance is dependent on meeting eligibility
46 criteria. All loans available through the City are secured with liens. Liens are recorded in the docket of
47 City liens until repayment to ensure full payment of the loan when the property is sold or transferred to
48 a new owner. The assessment will run with the land and will bind the property owner's heirs, personal
49 representatives, successors, and assigns. The City will allow the contract to be assumed when the
50 property is transferred. However, the City will not subordinate the lien. When the loan is repaid ~~off~~ in
51 full, the Revenue Division will record the lien as satisfied.

52 There is no penalty for pre-payment. The payment period may be shortened by paying more than the
53 required installment amount. Payments that are received on loans prior to the date payments are
54 scheduled to begin will be applied first to accrued interest when calculating amortized loan payments.
55 The entire unpaid balance may be paid off at any time with interest, penalties, and costs accrued to the
56 date of final payment.

57 A. **City Sewer System Connection Loans.** The City offers municipal loans that allow property owners
58 to pay sewer connection ~~and conversion~~ charges in installments over periods of 5, 10, or 20
59 years.

60 1. **Allowable Expenses.** This loan can be used to finance ~~line and branch charges, sewer~~
61 ~~conversion fees, and system development charges (SDCs)~~ required sewer connection
62 charges.

63 2. **Borrowing Limit.** There is no borrowing limit.

64 3. **Eligibility.** This loan is available to owner(s) of record for the property that is subject to the
65 ~~PCC~~ required connection charge. In cases of contract purchasers, the purchasers must
66 demonstrate that they are legally authorized to encumber the property with a primary lien.
67 There are no pre-qualifications based on income or credit history.

68 4. **Application Process.** The applicant will receive a loan contract upon request via email
69 or telephone conversation. No down payment is required.

70 5. **Interest Rate and Service Charges.** The City finances this loan by selling improvement bonds at
71 favorable interest rates. Prior to the bond sale, the City charges an interim interest rate ~~which~~
72 that reflects bond market conditions. After the bond sale, the installment interest is fixed at a
73 permanent rate equal to the true interest cost of the bonds plus a financing rate set by City
74 Council. The City calculates separate interest rates for each of the 5, 10, or 20-year loan terms.
75 Each bill includes a billing fee which may be adjusted at any time without notice.

76 6. **Installment Calculation and Monthly Bill.** Loan installments will be calculated on an equal
77 monthly payment basis. Each installment will consist of the loan principal, interest calculated
78 based on the interest rate, plus an account service charge. All payments will be applied first to
79 service charges, then to penalties, then to interest, and finally to principal.



- 80 7. **Contract.** The contract must be signed by all owners of record for the property.
- 81 B. **BES Private Plumbing Loans.** BES offers loans to any property owner to finance the costs of sewer
- 82 work performed on their private property. These loans require installment payments over 5- or
- 83 10-year terms.
- 84 1. **Allowable Expenses.** This loan can be used to finance the costs to connect the property to the
- 85 public sewer system, resolve a non-conforming sewer, or install a required sanitary sewer
- 86 dump. The costs include the work performed by the owner or contractor, plus loan origination
- 87 fees.
- 88 2. **Borrowing Limit.** A loan may not exceed \$20,000. The property owner is directly responsible
- 89 for any costs in excess of the limit established for the loan. BES will establish a borrowing limit
- 90 based on the lowest of the qualified bids submitted by the property owner or the estimated
- 91 costs of materials and equipment if the work is to be performed by the property owner.
- 92 3. **Eligibility.** BES loans are available to property owners subject to ~~the~~ [PCC Chapter 17.33](#). To be
- 93 eligible, the property must not be encumbered with delinquent property taxes or City liens. If
- 94 delinquencies exist, the property owner must provide ~~documents~~ [proof](#) of special payment
- 95 arrangements to eliminate the delinquency and related payment histories. In cases of contract
- 96 purchasers, the purchasers must demonstrate that they are legally authorized to encumber the
- 97 property with a primary lien.
- 98 4. **Application Process.** BES representatives will work with property owners to assist them with
- 99 identifying and applying for various financial assistance programs. Preliminary calculations may
- 100 identify a loan applicant's eligibility for different loan types if their information can be verified.
- 101 a. **Completing the Application.** After the loan applicant submits the application and associated
- 102 documentation, the application will be considered active for 90 days from the last contact
- 103 with the loan applicant. The application will not be considered complete until all requested
- 104 information is provided. Should the loan applicant fail to supply the requested information
- 105 within 90 days, a new application must be initiated.
- 106 b. **Additional Application Review.** If the review cannot be completed within 30 days, BES will
- 107 notify the loan applicant of the status of the review and the estimated date for its
- 108 completion.
- 109 c. **Notice of Ineligibility.** If a loan applicant is found to be ineligible, the loan applicant will be
- 110 sent a letter indicating the reasons for ineligibility. The letter will include information
- 111 regarding the loan applicant's rights of appeal, deadlines for appeal, a summary of the
- 112 appeal process, and other options available to the loan applicant.
- 113 5. **Interest Rate and Service Charges.** BES will set the fixed interest rate based on a financial
- 114 analysis of the costs of the loan program and the financial risks associated with the loans. The
- 115 account service charge will be set by the Revenue Division and may be changed at any time
- 116 without notice.
- 117 6. **Annual Percentage Rates (APR).** BES will calculate the APR as a simple method of summarizing
- 118 the total cost of interest, financing and origination fees, and monthly service charges. The APR
- 119 is not used to calculate the monthly installment interest for the loan.
- 120 7. **Installment Calculation and Monthly Bill.** Loan installments will be calculated on an equal
- 121 monthly payment basis. Each installment will consist of the loan principal, interest calculated
- 122



123 based on the interest rate, plus an account service charge. All payments will be applied first to
124 service charges, then to penalties, then to interest, and finally to principal.

125 **8. Administration.**

- 126 a. All property owners in title must sign all contract documents.
- 127 b. Terms and conditions will be found in the closing documents.
- 128 c. Record Retention. The loan applicant's files will be retained in accordance with the City of
129 Portland retention schedule standards.
- 130 d. Change of Address or Ownership. The property owner is responsible for notifying BES of any
131 change of ownership or billing address. The notice must be made to BES in writing and must
132 be received within 15 days of the event triggering the change.
- 133 e. Information Requests. A loan applicant will receive information regarding accrued interest
134 and the principal balance of the loan from the Revenue Division upon request.

135 **9. Work Performed by a Contractor**

- 136 a. Competitive Bids. The property owner must submit at least three bids for the sewer or
137 sanitary sewer dump work. Contractors providing bids must be bonded and licensed with
138 the Oregon Construction Contractors Board. BES may waive the requirement of multiple
139 bids if the property owner documents unsuccessful efforts to obtain multiple bids, has a
140 sewer connection emergency, or has retained a qualified contractor for other work being
141 performed on the property.
- 142 b. Selecting a Contractor. It is the responsibility of the property owner to select a contractor.
143 The City is committed to equity and encourages soliciting bids from minority and women-
144 owned businesses. The City will base the loan amount on the lowest qualified bid. However,
145 the property owner may select a contractor that is different than the one who provided the
146 lowest bid. In this case, the property owner is responsible to pay the difference between the
147 loan amount and the contract amount. BES will review bids and bidding contractors to
148 assure contractors are licensed and bonded and have provided bid documents with
149 sufficient scope of bid items and bid estimates commensurate with typical bid item costs.
- 150 c. Managing the Work. The property owner is responsible for managing the sewer connection
151 work, including the activities of the contractor, restoration work, repairs, and claims for
152 damages incurred during the work. The property owner is responsible for obtaining all
153 required permits and inspections. The property owner must retain all receipts, permits,
154 inspection reports, and other documents.

155 **10. Work Performed by a Property Owner.** The property owner may elect to complete the sewer
156 connection work without the use of a contractor and finance the costs of materials and
157 equipment through the private plumbing loan program. The property owner must comply with
158 all applicable sewer connection and plumbing regulations and obtain all necessary permits and
159 inspections.

160 **11. Payment of Costs.** BES will authorize the payment to the contractor once the property owner
161 has presented documentation including all necessary permits and inspections and an itemized
162 statement of costs. The amount of the payment will not exceed the amount approved when
163 the loan was authorized, except in cases where additional costs resulting from unanticipated
164 complications are preapproved by BES.

165 **C. BES Safety Net Program.** The BES Safety Net program provides deferred payments and lower
166 interest rates than other loans provided by the City and BES for income-qualified loan applicants.



167 Loan applicants approved for other low-income assistance programs offered by the City will be
168 approved for participation in the BES Safety Net program. ~~The Safety Net eligibility criteria in~~
169 ~~Section 5.C.3 are also used to qualify for connection deferral as described in ENB 4.18,~~
170 ~~Mandatory Sewer Connection Program.~~

171 1. **Allowable Expenses.** There are two types of low-interest, deferred-payment loans that BES
172 administers through the Safety Net program: sewer system connection loans and private
173 plumbing loans.

- 174 a. Sewer system connection loans can be used to finance ~~line and branch charges, sewer~~
175 ~~conversion fees, and SDCs~~ sewer connection charges.
176 b. Private plumbing loans can be used for connecting the property to the public sewer system,
177 repairing or replacing a line to prevent loss of service, installing a sanitary sewer dump
178 station, or doing approved construction activities directly associated with the sewer work.
179 The information in sections 5.B.9 thru 5.B.11 above regarding contracting requirements,
180 work performed, and payment of costs also applies.

181 2. **Borrowing Limit.** There is no borrowing limit.

182 3. **Eligibility.** The BES Safety Net program is available to property owners subject to ~~the PCC~~
183 ~~Chapter 17.33 and PCC Chapter 17.36~~ who meet and provide documentation of the criteria
184 listed below:

- 185 a. Owner-Occupant. The assessed property must be the loan applicant's residence of record,
186 except that owners of commercial and/or rental property who can demonstrate financial
187 hardship may be eligible with the approval of the BES Director.
- 188 b. Gross Household Income. The gross household income of the loan applicant for the
189 12 months prior to the date of application, less allowable deductions, must be 100% or less
190 of the median family income (MFI) guidelines based on household size as established by the
191 Housing and Urban Development (HUD) Portland area median income. Gross household
192 income is calculated using the following criteria:
- 193 i. Gross income includes, but is not limited to, wages, commissions, bonus, overtime,
194 Social Security and retirement benefits, Veterans benefits, public assistance, child
195 support and alimony, interest and dividends, rental or boarder rent income, support
196 from a nonmember of the household, unemployment compensation and disability
197 payments, net profits from sole or joint proprietorship or home business, and the living
198 expenses portion of student grants for those students residing in the home for the 12
199 months preceding the date of application.
- 200 ii. Retirement income is calculated forward instead of back 12 months. An exception to the
201 12-month rule would be allowed if the loan applicant or co-applicant has fully retired
202 during the prior 12-month period. "Fully retired" means the loan applicant or member
203 of the household is not receiving and does not anticipate receiving any business or
204 employment income. In these cases, income would be from the date of retirement and
205 projected forward 12 months. This forward projection presumes that, upon full
206 retirement, the future income is predictable with little likelihood of significant change.
207 Where this is not true, it will be necessary to go back 12 months from the date of the
208 application.
- 209 iii. All verifiable non-reimbursed medical, dental, optical expenses, nursing home costs,
210 childcare costs of an employed loan applicant, home nursing costs, and child support
211 will be considered as allowable deductions from gross income.



- 212
213
214
215
216
217
- iv. Gross income from other household members, including all persons, regardless of relationship or age, who are considered dependents of the loan applicant as defined by the Internal Revenue Service or who reside permanently in the household, will be added to the income of the loan applicant. An Affidavit of Relationship and income signed by the loan applicant and those household members (except in the case of children under 18 years of age) must be provided.
- 218
219
220
- c. **Net Household Assets.** Net household assets, excluding the primary residence, its contents, and vehicles used for transportation to employment, must not exceed savings more than \$100,000 at the time of application.
- 221
222
223
224
225
226
227
228
229
230
231
232
233
234
- i. Resources that can be liquidated or used as collateral for a private loan without substantial penalty in order to fund sewers, such as stocks and bonds, savings accounts, credit union shares, cash on hand, recreational vehicles, and equipment will be included as assets.
 - ii. If a business owned by the loan applicant or a household member is for sale and an offer has been made and accepted for the purchase of the business prior to the completed application, the purchase price less encumbrances satisfied at the time of the sale would be included as an asset.
 - iii. Other real property, including real property that generates income, will be considered assets.
 - iv. Resources not considered available to fund sewers include pension funds, individual retirement accounts when they can be drawn upon only with penalty, businesses, and the equipment and supplies necessary to operate businesses. Encumbrances, such as mortgages, debts, or outstanding loans, will be subtracted from the value of all assets.
- 235
236
237
238
239
240
241
242
243
244
245
246
4. **Verification Process for Safety Net Program.** The loan applicant must verify essential information concerning eligibility. All income and expenditure items must be verified either by supportive documents provided by the loan applicant or with additional documentation requested by BES. If the information from the loan applicant shows inconsistencies or does not adequately document household size, owner-occupancy, income, assets, or other information relative to Safety Net eligibility, the loan applicant may be required to provide additional supportive documentation. BES will retain a copy of supportive documents and return original documents to the loan applicant. Income evaluation will be completed by BES. The loan applicant may be ineligible if there are significant, unexplained inconsistencies between the information provided by the loan applicant and the information discovered during the City verification process or other investigative action, or the information provided by the loan applicant has proved false.
- 247
248
249
5. **Application Process.** See Section 5.B.4.a-c for the application process. Additionally, if adequate documentation is not available, BES may request the loan applicant to sign a notarized affidavit swearing to the information they have stated in the application.
- 250
251
252
253
6. **Due in Full.** A loan will become due immediately and in full upon the discovery of any false information or upon discovery that the Safety Net loan applicant intentionally failed to disclose information relative to their eligibility. A loan will become due in full upon the occurrence of any event specified in the Safety Net loan agreement entitled “When Due.”
- 254
255
7. **Interest Rate and Service Charges.** A low interest rate is applied, and service charges are waived only during the deferral. Once the loan is out of deferral and repayment begins, the loan is



- 256 converted to either a City sewer connection loan (Section 5.A) or a BES private property loan
257 (Section 5.B) with interest and fees as applicable at the time.
- 258 8. **Payment Options.** Loan payments are deferred for five years with an option to renew for an
259 additional five years or, if the borrower is over 62 years of age, until the property is sold or
260 transferred. A loan applicant who has reached the age of 62 by the date of the loan application
261 will have the payments deferred as long as they retain title. All outstanding loans will become
262 due and payable when the property is sold, the title is changed, or upon death of the
263 borrowers. Sale or transfer of the property includes the following:
- 264 a. Any contract for the sale of the property over time,
 - 265 b. Any transfer of title to another,
 - 266 c. Any assignment for the benefit of creditors,
 - 267 d. Any lease or rental with an option to purchase,
 - 268 e. The appointment of a receiver,
 - 269 f. A foreclosure of any nature, or
 - 270 g. Any gift of the property.
- 271 9. **End of the 5-year Deferral.** At the end of the five-year deferral, the loan applicant may do one
272 of the following:
- 273 a. Apply for an additional five-year deferral.
 - 274 b. If borrower is now over 62 years of age, apply for deferral until the property is sold or
275 transferred.
 - 276 c. Start payment of the loan per the terms of the agreement.
 - 277 d. Pay off the loan.
- 278 10. **Notification.** BES will send notification describing the options that will include the following
279 information:
- 280 a. The date of loan deferral termination.
 - 281 b. The balance of the loan including principal and interest on the date the deferral ends.
 - 282 c. Current Safety Net program criteria and information on how to reapply if additional deferral
283 is needed.
 - 284 d. Information regarding the conversion of the deferred payment Safety Net loans to
285 amortized payments.
- 286 The loan applicant will be asked to respond to the letter in 90 days. Failure to respond will lead
287 to initiation of the collection process described in Section 6, Default of Loan Terms.
- 288 11. **Administration.** See Section 5.B.8.a-e for administration information.
289

290 6. Non-Payment and Default of Loan Terms

- 291 A. **Late Interest and Penalties for Nonpayment.** The City will charge ~~late interest~~ against for
292 delinquent installment payments based on the loan interest rate and the amount of time that
293 each installment is past due.
- 294 B. **Default.** In the event of nonpayment or a default of loan contract terms, ~~t~~The City may
295 implement any of the provisions for late payment, default, and foreclosure ~~against of~~ the loan
296 ~~following actions for nonpayment or default on City or BES loan programs detailed in~~ the
297 signed loan documents or in any manner provided by PCC Chapter 5.30 or state law to collect
298 the outstanding balance of the lien on the property.



7. City Responsibilities

- A. BES is responsible for the following activities:
1. Administering the programs.
 2. Investigating public records as necessary to verify information pertaining to eligibility.
 3. Maintaining complete accounting records as required by the City's retention schedules.
 4. Collecting fees for the costs of administering the program and recording liens.
 5. Maintaining a rates and fees table.
 6. Performing regular and periodic accounting reconciliations.
 7. Preparing periodic and annual financial reports.
 8. Distributing, receiving, and approving installment payment contracts to initiate assessment loans.
- B. The City Revenue Division is responsible for the following activities:
1. Maintaining a record of the assessment liens.
 2. Servicing the loans.
 3. Billing and processing loan installment payments.
 4. Collecting delinquencies.
 5. Conducting foreclosure proceedings if required to enforce the assessment lien.
 6. Obtaining Council authorization for liens to secure the loans.
 7. Maintaining complete accounting records as required by the City's retention schedules.
 8. Preparing notices and documents required by the PCC City Code to assess the amounts to be financed.
 9. Performing regular and periodic accounting reconciliations.
 10. Preparing periodic and annual financial reports.
 11. Managing liens.
 12. Administering, receiving, and recording monthly payment loans.

8. Administrative Review and Appeal

A person may request reconsideration of a BES decision through administrative review as described in this section. After the requestor has exhausted all BES administrative review, the requestor may file for an appeal of a decision with the Code Hearings Officer (CHO) per PCC Title 22. A person may only appeal a decision that is subject to administrative review by BES.

- A. Administrative Review Requests. A person to whom a notice was addressed will have 20 business days from the date the notice was issued to submit a written request for administrative review of a decision described in the notice. The requestor must provide all information known to the requestor that supports an assertion made in the written request for administrative review. The requestor must provide such information via graphic, written, or recorded communication, or in person at the administrative review meeting. BES will hold an administrative review meeting



335 within 15 business days of receipt of the written request for administrative review unless BES
336 determines in its reasonable discretion that a delay is justified. The requestor may provide
337 detailed information in writing in lieu of attending the administrative review meeting.

338 B. Non-Reviewable Items. A BES decision made under these rules is subject to administrative review
339 except that BES will not grant administrative review for the following:

- 340 1. Loan program eligibility and application requirements.
- 341 2. Terms and conditions of loan contracts and agreements.
- 342 3. Interest rates and service fees offered by BES.
- 343 4. Borrowing limits established by BES.

344 C. BES Evaluation. BES will use authorizing City Code, the provisions of these rules, City records, and
345 the testimony and documentation provided by the requestor to make a final determination on
346 the issue that is the subject of the administrative review.

347 D. Final Determination. BES will issue to the requestor a written determination within 15 business
348 days of the administrative review meeting unless BES determines that extenuating circumstances
349 justify a reasonably longer period of evaluation. The written final determination will provide
350 information about the process for filing an appeal to the CHO.

