

NEWBERG AFFORDABLE HOUSING COMMISSION AGENDA
Tuesday, July 28, 2015 1:30 PM,
Permit Center Conference Room, 414 E. First Street, Newberg OR

- I. CALL MEETING TO ORDER**
- II. ROLL CALL**
- III. APPROVAL OF MINUTES – May 26, 2015 meeting**
- IV. PUBLIC COMMENTS**
- V. AMENDMENT TO RESOLUTION NO. 2015-3202 FOR NUMBER OF MEMBERS OF THE NEWBERG AFFORDABLE HOUSING COMMISSION AND CLARIFYING 80 PERCENT AREA MEDIAN INCOME REQUIREMENTS**
- VI. AMENDMENT TO ORDINANCE 2012-2749**
- VII. NOTICE OF FUNDING AVAILABILITY AND REQUEST FOR PROPOSALS**
- VIII. BROCHURES AND SOLICITATION MATERIALS**
- IX. POTENTIAL GRANT SOURCES**
- X. NEXT MEETING – OCTOBER 27, 2015**
- XI. OTHER BUSINESS**
- XII. ADJOURNMENT**

ATTACHMENTS

- A. May 26, 2015 meeting minutes Pg. 1 - 2
- B. Draft Resolution No. 2015-3211Pg. 3 – 15
- C. Draft Ordinance No. 2015-2785. Pg. 16 -17
- D. NOFA Material Pg. 18 - 28

ACCOMMODATION OF PHYSICAL IMPAIRMENTS: In order to accommodate persons with physical impairments, please notify the City Recorder's Office of any special physical or language accommodations you may need as far in advance of the meeting as possible as and no later than 48 business hours prior to the meeting. To request these arrangements, please contact the City Recorder at (503) 537-1283. For TTY services please dial 711.

NEWBERG AFFORDABLE HOUSING COMMISSION MINUTES
Tuesday, May 26, 2015, 1:30 PM
Newberg City Hall Permit Center Conference Room
414 E. First Street

CALL MEETING TO ORDER

Chairman Stuart Brown opened the meeting at 1:34 PM.

ROLL CALL

Members Present: Stuart Brown, Chair Terry Emery Steve Comfort

Staff Present: Doug Rux, Community Development Director
Renata Wakeley, Mid-Willamette Valley Council of Governments

Also Present: None

APPROVAL OF MINUTES

Approval of January 27, 2015, Newberg Affordable Housing Commission Meeting Minutes.

MOTION: Comfort/Emery approved the Affordable Housing Commission minutes for January 27, 2015
Motion carried (3 Yes/0 No).

RENTAL REHABILITATION PROGRAM – APPLICATION AND IMPLEMENTATION

Community Development Director Doug Rux provided a recap of the City Council actions on May 4, 2015 on Resolution No's. 2015-3186 and 2015-3187 on the Newberg Affordable Housing Commission (NAHC) returning to Council with recommendations on administration of the Affordable Housing Trust Fund and the City of Newberg (City) contracting with the Mid-Willamette Valley Council of Governments (MWVCOG) to providing staffing assistance to the Commission.

Renata Wakeley, Community Development Director for the MWVCOG, provided additional detail on the agreement between the City and MWVCOG for services to the NAHC for Tasks 1 and 2 as contained in the packet. Ms. Wakeley provided an overview of the proposed changes to Resolution No. 2012-298 which included Section 3, 3.1 to refer to the US. Department of Housing and Urban Development (HUD) on income levels; 3.5.a to delete interest as an eligible cost; Section 4.1 to fix scrivener errors; Section 6.2 to modify approved loan project costs from the current 100% to 80%; Section 7.3.c(1) to clarify that loans above \$15,000 require NAHC recommendation to the City Council and 7.3.c(3) on reducing the loan term from seven years to five years; Section 8 discussion if a cap should be placed on grant amounts.

The NAHC discussed each of the proposed changes and the merits of using the HUD median income 80% provision for moderate income; removing interest as an eligible expense; scrivener errors; modifying the loan amounts to 80% for project costs from the current 100% which would show applicant equity in a project along with discussion on liens being placed on a property and the applicant covering title report, recording costs and deed preparation; clarifying that funding approvals require recommendations from the NAHC to the City Council and reducing the term of a loan from seven years to five years accelerates the payback to make funds available for other projects; and that there are already guidelines in place that places a cap on grant amounts at

5% of the available funds along with a provision for having a 15% contingency of the total Trust Fund available funding.

MOTION: Comfort/Emery 1. Accept the correction of typos proposed by the MWVCOG; 2. Delete interest as an eligible acquisition and construction cost; 3. Use 80% of median household income as defined by HUD for income qualifications; 4. Use 80% as the total qualified project costs for maximum loan amounts and maintain 50% maximum of total qualified costs for grant awards; 5. Sections 7.2b and 7.3.c add new/revised subsections that borrower to pay deed, recording and title report costs; and 6. Add requirement for lien, trust deed and promissory note requirements to 7.2.b and 7.3.c.

Motion carried (3 Yes/0 No).

General discussion from the NAHC Chair expressing interested in requesting additional guidance from the Mayor and City Council on additional tasks and recommendations the City Council might want the NAHC to take on/review in order to provide recommendations. The NAHC encouraged staff and the NAHC Chair to request additional guidance, if the City Council was so inclined.

NEXT MEETING – July 28, 2015

OTHER BUSINESS – None.

ADJOURNMENT – The meeting adjourned at 2:40 p.m.

Approved by the Newberg Affordable Housing Commission on July 28, 2015.

Recording Secretary

Affordable Housing Commission Chair

RESOLUTION NO. 2015-3211

**A RESOLUTION AMENDING POLICIES AND PROCEDURES FOR
ADMINISTRATION OF THE CITY OF NEWBERG'S AFFORDABLE HOUSING TRUST
FUND**

RECITALS:

1. On May 4, 2009, the Newberg City Council adopted Resolution No. 2009-2843 accepting the Newberg Affordable Housing Action Plan.
2. On February 23, 2011, the Newberg Affordable Housing Action Committee recommended that the Newberg City Council adopt an affordable housing trust fund and adopt policies and procedures for administration of the fund.
3. On March 15, 2012 the Newberg City Council passed Ordinance No. 2012-2749 establishing the Newberg Affordable Housing Trust Fund, to keep our community diverse and healthy by facilitating the production and preservation of affordable housing throughout Newberg.
4. On April 16, 2012 the Newberg City Council adopted Resolution No. 2012-2988 establishing policies and procedures for administration of the Newberg Affordable Housing Trust Fund.
5. On June 15, 2015 the Newberg City Council repealed Resolution No. 2012-2988 and adopted Resolution No. 2015-3202 amending adopted policies and procedures for administration of the Newberg Affordable Housing Trust Fund.
6. The Newberg Affordable Housing Commission met on May 26 and July 28, 2015 to discuss expanding the membership of the Newberg Affordable Housing Commission from three members to five members to the adopted policies and procedures for administration of the Newberg Affordable Housing Trust Fund.
7. The policies and procedures for administration of the Newberg Affordable Housing Trust Fund establish eligible uses, eligible applicants, method by which funds are awarded, and selection criteria.
8. The City Council understands the changing nature of the housing market and corresponding housing needs. Therefore, the council has established flexible policies and procedures for administering the Newberg Affordable Housing Trust Fund (NAHTF) that can respond to changing market conditions.

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

1. Resolution No. 2012-3202 is repealed.

2. Resolution No. 2015-3211 as follows:

SECTION 1. Purpose

1.1 The purpose of the Newberg Affordable Housing Trust Fund (NAHTF) is to support the development, preservation, and rehabilitation of housing that is affordable to the citizens of Newberg with incomes that do not exceed 80% of the area median income. The NAHTF will have a dedicated source of revenue to provide ongoing funding for housing projects or programs that address the housing needs of these Newberg residents. The primary purpose of the NAHTF is to encourage the development, preservation, and rehabilitation of housing for homeownership or rent, at a cost that will enable very low, low and moderate-income families to afford quality housing while paying no more than thirty percent of gross household income on housing.

1.2 To promote the rehabilitation, preservation and production of quality, well-designed rental and ownership housing, the NAHTF will award funds to community development partners that are furthering the NAHTF mission. It is expected that the local contributions made through Newberg's Affordable Housing Trust Fund will maximize the leveraging of state and federal funds, as well as encourage private sector investment in affordable housing.

1.3 Understanding the high cost of housing regionally, it is evident that very low, low, and moderate -income households are not being served by the housing market. To address the disparity between the cost of housing and the means of resident household to afford housing, the Newberg Affordable Housing Trust Fund aims to provide direct financial support to projects that retain or increase the supply of needed housing for households earning less than 80% the area median income, which is to be defined through income limits established by the U.S. Department of Housing and Urban Development for Yamhill County, Oregon.

1.4 The administrative procedures associated with the Newberg Affordable Housing Trust Fund, including fund administration, determination of eligible applicants, eligible uses and activities, award preferences, eligibility criteria, award process, and selection criteria are hereby established.

SECTION 2. Eligible Applicants

2.1 The Newberg Affordable Housing Trust Fund is structured to ensure that many different types of organizations and persons are eligible to receive funds.

2.2 Eligible applicants include governmental subdivisions, community development corporations, local housing authorities, community action agencies, community-based or neighborhood-based non-profit housing organizations, other non-profit organizations, for-profit entities and private employers, and private landlords.

SECTION 3. Eligible Uses and Activities

3.1 Newberg Affordable Housing Trust Funds shall support the creation or preservation of housing that is affordable to households with incomes that do not exceed 80% of the area median income, as established by the most current U.S. Department of Housing and Urban Development for Yamhill County, Oregon, as determined by the Community Development Director and adopted by the City of Newberg.

3.2 Newberg Affordable Housing Trust Funds will be limited to those activities that create, preserve or acquire housing within the Newberg city limits.

3.3 Housing developments financed by the NAHTF which receive subsidy, financing, tax credits or other assistance under a State or Federal housing programs, may contain market rate units insofar as permissible under those programs and/or to the extent that they are necessary to support the creation of and/or ongoing sustain ability of the affordable housing units in the development. However, Newberg Affordable Housing Trust Funds may not be used to support such market rate units.

3.4 Affordable housing units developed utilizing subsidy from the Newberg Affordable Housing Trust Fund shall comply with the income and housing cost limits established by Newberg Municipal Code Section 15.242.030, as amended, and as restricted by a contract prepared by the City of Newberg. The city council reserves the right to make exceptions to the standards established by Newberg Municipal Code Section 15.242.030 for proposed projects it wishes to support and deems further the provision of affordable housing within the community.

3.5 The Newberg Affordable Housing Trust Funds can be provided as either a grant or a loan depending on the project or program receiving funding. To retain a significant degree of flexibility, the eligible uses have a broad application including the following:

3.5.a Acquisition and construction of new affordable housing. Eligible acquisition and construction costs include reasonable costs associated with building or land purchase, including but not limited to:

- Purchase price
- Option costs
- Financing fees including but not limited to the recording of trust deeds and promissory notes, title searches, and other third party costs related to securing the loan.
- Appraisal costs
- Closing costs
- Inspection fees
- Title insurance
- Relocation costs
- Architectural/engineering fees
- Permit fees
- System development charges
- Construction costs

3.5.b Conservation of energy through the use of “green” technologies provided that the benefits of the energy savings is passed on in the form of reduced costs to the qualified occupants of the affordable housing.

3.5.c Land banking to include the purchase of land to be dedicated toward the development of affordable housing in the near or long-term.

3.5.d Predevelopment activities undertaken by a community development organization in support of the development of affordable housing including planning, architectural services, engineering services, landscape design, legal services, surveys, appraisals, site clearance and demolition, environmental clearance, permit application fees and system development charges. Grant funding for these types of activities may be required to convert to a loan if the project receives full funding. For-profit developers are not eligible to apply for Newberg's Affordable Housing Trust Funds to assist with predevelopment costs.

3.5.e Bridge loans to assist in development of affordable housing (for rental or owner occupancy). Bridge loans are intended to provide funding to permit housing projects to proceed in advance of the availability of permanent project funding. Bridge loan funding is available for acquisition or construction activities.

3.5.f Capacity building for non-profit affordable housing providers in the form of direct grant awards to fund administration of an affordable housing project or program.

3.5.g Rehabilitation and emergency repairs as part of an established program to secure units as affordable or to provide direct benefits to existing very low to moderate income households.

Eligible rehabilitation and emergency repair costs include but are not limited to:

- Architectural/engineering fees
- Consultations
- Construction costs
- Relocation costs
- Financing fees including but not limited to the recording of trust deeds and promissory notes, title searches, and other third party costs related to securing the loan.
- Hazardous materials abatement including lead based paint noticing consistent with the Federal Lead Safe Housing Regulations HUD requirements at 24 CFR §35

Rehabilitation loans to the owners of owner-occupied dwellings are not eligible uses of the NAHTF.

3.5.h Direct benefits to very low to moderate income households through an established program including down payment assistance, rental assistance, mortgage foreclosure prevention, emergency housing vouchers, homeownership training, renter education, or other programs intended to increase housing opportunities for Newberg's low to moderate income residents.

3.5.i Transitional and emergency housing for homeless individuals and families through an established program to move people toward self-sufficiency.

3.5.j Educational programs and services for potential home owners and renters.

3.5.k Other uses as deemed appropriate by the Newberg City Council as supporting the development or preservation of affordable housing within the City of Newberg.

SECTION 4. Program Goals

4.1 To help maintain the effectiveness and long-term viability of the NAHTF, preference will be given to the provision of loans over grants. General criteria of project selection are found in Section 8 of this resolution. In no particular order, the following preferences are provided as general guidance for future applicants for Newberg Affordable Housing Trust Funds.

4.1.a Developments that produce new affordable housing units. New affordable housing units shall include housing units constructed where none had existed previously, abandoned or fire-damaged residential units to be returned to residential use, and non-residential or mixed-use projects in non-residentially-zoned property. Any designated new affordable housing units shall be secured as affordable for future use through the recording of an appropriate legal instrument approved by the city attorney.

4.1.b Developments that provide new affordability. New affordability refers to existing housing where a new level of affordability is provided that does not currently exist. This could occur in rental or ownership housing where the number of affordable units is increased, where a portion of existing units will be made affordable to households at income levels substantially lower than the units previously served, or where the term of affordability on the units will be extended for a period of at least twenty-five (25) years.

4.1.c Developments that improve the energy efficiency and safety of existing affordable housing stock while maintaining affordability of the units.

4.1.d Developments of housing utilizing the land trust model to secure property and perpetual affordability.

4.1.e Developments that include joint ventures between multiple non-profit developers and/or for-profit developers, working in partnership, to complete an affordable housing project.

4.1.f Developments that include a joint venture between service providers and non-profit affordable housing developers to create projects that contain additional benefits to low income individuals in the development of the project, or additional services for the resident upon completion.

4.1.g Developments that incorporate the use of "green" building materials, use of energy-efficient appliances, low-water use landscaping, and reduced storm water runoff. In addition, developments that incorporate building design and operational factors that minimize energy use and resource consumption as well as avoid indoor health impact.

4.1.h Developments that include affordable units for the disabled and the homeless.

4.1.i Projects that propose long-term affordability.

4.1.j Projects that are sponsored by non-profit organizations.

4.1.k Projects that use private funding sources and State funding sources to leverage the least amount of Newberg's Affordable Housing Trust Funds.

SECTION 5. Fund Administration

The Newberg Affordable Housing Trust Fund (NAHTF) originated through the direction of the Newberg City Council.

5.1 The City of Newberg acts as fiduciary agent and administrator of the funds. The city reserves the right to contract certain tasks to most effectively and efficiently achieve its administrative duties.

5.2 Funds dedicated to the Newberg Affordable Housing Trust Fund shall be exclusively reserved to support the eligible uses activities identified in Section 3, and shall not be used for the general operation of the city.

5.3 The City of Newberg shall accept requests for funding from the NAHTF's Time Sensitive Loan Program from eligible applicants at any time in order to accommodate affordable housing project opportunities that are time sensitive. Coordination with other private and government funding application timelines will help ensure that NAHTF funds are best applied to leverage additional resources in support of the housing projects. Project submittals deemed not time-sensitive will not be approved, but the applicant will be encouraged to submit their proposal to the annual request for proposals (RFP) funding process under the NAHTF's Competitive Awards Program. Also, eligible applicants may submit proposals to the NAHTF's Rental Rehabilitation Loan Program at any time.

5.4 The City of Newberg shall annually issue a notice of funding available (NOFA) to announce the availability of funds. The City shall also issue a request for proposals (RFP) for affordable housing projects that are not time sensitive.

5.5 As a target in any given year, up to 80 percent of the NAHTF will be available for project loans and up to 5 percent will be available for project grants. The remaining 15 percent of the NAHTF will be available for project contingencies through grants and/or loans.

5.6 In any given year, at least 50% of the available funds within the NAHTF shall be available for use through the competitive awards program. In any given year, the city council may make an exception to this standard to take advantage of affordable housing opportunities.

5.7 The City of Newberg shall form an Affordable Housing Commission (AHC) that consists of ~~five~~ three members appointed by the Mayor with the consent of the city council. Membership of the commission should reflect representative broad interests regarding affordable housing in the community. The commission shall review applications for Newberg Affordable Housing Trust Funds to determine project eligibility and evaluate the applications based on the selection criteria. The commission shall provide recommendations to the city council who shall make final award decisions. In addition, the commission shall meet annually to prepare the NAHTF's annual NOFA and RFP for consideration of approval by the city council. Otherwise, the commission will meet as necessary during the year.

5.8 Newberg Affordable Housing Trust Funds will be allocated in a manner consistent with the threshold criteria provided Section 8, and consistent with state and local public contracting law.

5.9 Grant monies received into the NAHTF will have five percent of those monies reserved for administration.

SECTION 6. Match Requirements

6.1 The Newberg Affordable Housing Trust Fund is intended to support the development of needed housing. In addition, the City of Newberg believes that projects can become stronger and more successful through the partnership of many organizations. Therefore, the following match requirements apply to projects utilizing grants from the NAHTF.

6.1.a The Newberg Affordable Housing Trust Fund grant contribution shall not exceed 50% of the total project or program cost. Required match can be met utilizing government funding, direct contribution from the applicant, private donations, and the contribution of land, materials or labor to the project.

6.1.b In the case that land previously owned by the applicant is considered as required match, the value of the land shall be determined by a city approved certified appraisal completed by the applicant or real market value from the Yamhill County assessor office provided by the applicant, unless otherwise directed in Oregon Revised Statute or Newberg Municipal Code.

6.1.c The valuation of land, and available equity to be considered as matching funds, shall be verified by the city prior to the disbursement of an NAHTF grant when its value is considered as required matching funds.

6.1.d Donated materials and labor, which are proposed as required match through the development of a project shall have their value estimated at the time of application. The actual value of these contributions is subject to verification by the city at completion of the project.

6.1.e Award recipients shall provide verifiable accounting for donated labor and materials, when such was necessary to satisfy the NAHTF match requirements.

6.1.f If a recipient of an NAHTF grant has been deemed by the city to have failed to have fulfilled all the necessary grant award match requirements, the city may require a full or partial repayment of any NAHTF grants awarded to a project.

6.2 Approved loans provided by the NAHTF may cover up to 80% of a project's costs. Required match can be met utilizing government funding, direct contribution from the applicant, private donations, and the contribution of land, materials or labor to the project.

SECTION 7. Allocation of Funds

The Newberg Affordable Housing Trust Fund is structured to allow flexibility for the city and housing providers. The establishment of three distinct and separate award processes is intended to provide for both consistency and flexibility of the NAHTF program. Annually, the city shall issue a notice of funding availability (NOFA), announcing the availability of funds in the following year and the types of programs. The city shall issue the NOFA for the year through publication in the Newberg Graphic and on the city's website. The NOFA shall be issued on or near July 1st of the year.

First, there is the competitive awards program. Annually, the city will issue a request for proposals for affordable housing projects of a non-time sensitive nature. Proposals awarded funding through the RFP process shall be done through a competitive basis. Loans and/or grants may be awarded through this program.

Second, there is the time sensitive program. Through this program, applicants requesting funding from the NAHTF may submit requests at any time in the year to accommodate affordable housing project opportunities that are time sensitive. Coordination with other private and government funding application timelines will help ensure that NAHTF funds are best applied to leverage additional resources in support of the housing projects. Loans and/or grants may be awarded through this program.

Third, there is the rental rehabilitation program. This program is intended to assist private property owners with rental rehabilitation projects. Applications for this program may be submitted at any time and need not be considered under the competitive awards program. Applicants seeking funding assistance must be willing to enter into a contractual agreement with the city that will ensure the future affordability of the project units for a specific period of time. Only loans will be awarded through this program.

The distribution of any and all NAHTF funds through competitive or non-competitive awards, as described in Sections 7.1 through 7.3, will be in accordance with state and local public contracting laws.

7.1 Competitive Awards Program

The City of Newberg has a limited amount of Newberg Affordable Housing Trust Funds to use each year in comparison to the scope of the housing needs within the community. As a result, it is essential that the funds are used to meet the city's priorities in an efficient and cost-effective manner. To this end, a competitive award process uses a set of award criteria to evaluate proposals received through a request for proposals (RFP) process in terms of how they address the specific priorities outlined in the annual RFP.

The steps for making the competitive grant awards or loans are outlined below.

7.1.a The City of Newberg may issue an RFP Request for proposals on an annual basis depending on availability of funds, providing applicants with a minimum of 45 days to respond to the request. The RFP shall be issued on or near July 1st of the year.

7.1.b City staff shall assess the project proposals to determine if the eligibility criteria are met and shall develop a recommendation to provide to the Newberg Affordable Housing Commission and the city council.

7.1.c The Newberg Affordable Housing Commission will provide applicants the opportunity to make a presentation on their project proposal and provide community members the opportunity to comment by holding a public meeting.

7.1.d The Newberg Affordable Housing Commission will develop an award recommendation to the city council using the NAHTF criteria to determine which projects best meet the city's spending priorities. Each application will be rated on a numeric scale as established in the annual RFP for each criterion of selection (Section 8).

7.1.e The Newberg city council shall make a final decision on the award of Newberg Affordable Housing Trust Funds.

7.1.f The City of Newberg shall prepare an agreement between the city and the award recipient. The agreement shall outline the conditions of award and shall be executed prior to the disbursement of any Newberg Affordable Housing Trust Funds.

7.1.g An award granted to an applicant may be rescinded by the city if the applicant does not initiate the activities identified in response to the RFP in advance of the City's issuance of another RFP.

7.2 Time Sensitive Loan Program

The City of Newberg recognizes that the nature of affordable housing development is often opportunity driven and time sensitive. Through this program, applications may be submitted at any time during a given year. When applications are received, the city shall review them to determine if the applications meet the city's threshold criteria. If the criteria are met, then the funds may be awarded to, or reserved for, the applicant. Funds available through this process are awarded on a first come, first served basis.

7.2.a Project Eligibility. Projects are eligible to utilize funds for activities listed in Section 3.

7.2.b Project Security. Applicant must demonstrate and commit sufficient collateral to ensure the security of the loan. Security shall be demonstrated based upon an 80% loan to value ratio based upon the most current County Assessor records, unless otherwise recommended by the NAHC and approved by the City Council. Loans shall be secured via recording of a Trust Deed and Promissory Note against the property.

7.2.c Loan Terms.

- (1) Loan amounts will be determined by the proposed project need and amount available within the NAHTF.
- (2) The standard interest rate is two percent (2%) below the prime rate.
- (3) The standard term of the loan is two years.
- (4) The applicant shall pay a loan processing fee equal to one percent (1%) of the loan or \$100.00, whichever is greater.
- (5) Standard loan terms may be modified by approval of the City Council.
- (6) The applicant shall enter into an agreement guaranteeing the dwellings will only be occupied by families or individuals meeting the income guidelines.
- (7) The applicant will be required to pay for all financing fees including but not limited to recording of trust deeds and promissory notes, title searches, and other third party costs related to securing the loan.

7.2.d Process.

- (1) The city manager shall appoint a loan officer to process loan applications.
- (2) The loan officer will prepare application specifications.

- (3) The loan officer will review applications for eligibility, and qualify applicants as either standard or preferred applicants. The loan officer may establish a priority for awarding of qualified loans.
- (4) Prior to awarding any loan, the application will be forwarded to the Newberg Affordable Housing Commission for consideration of recommendation for approval by the Newberg city council.
- (5) The loan officer shall prepare the necessary documents and agreements to execute and provide for repayment of the loan.

7.3 Rental Rehabilitation Loan Program

7.3.a Purpose

The purpose of the rental rehabilitation loan program is to loan NAHTF monies to local landlords so they can rehabilitate dwellings and make them safe and decent for rental to low or very low income families.

7.3.b Eligibility

- (1) The dwelling must be within the Newberg city limits.
- (2) The dwelling must be rented to low or very low income families or individuals, according to income guidelines established by the Affordable Housing Commission. Preference will be given to units to be rented to very low income families or individuals.
- (3) Repairs shall improve the overall livability of the dwelling by addressing health and safety issues and by making the home more energy efficient and affordable. Priority is placed on the repairs needed to make the home safe and to prevent further deterioration and escalated costs if left unattended. Typical examples of these projects include new roofs, new windows, new electrical wiring, heating system repair/replacement, and utility repairs.
- (4) The applicant shall demonstrate sufficient equity in the property and sufficient ability to repay the loan.
- (5) The applicant shall demonstrate that the rehabilitation could not be accomplished using conventional loan programs.
- (6) Preference shall be given to landlords who live in Newberg or the Newberg area, and who own 10 or fewer rental units, and who own the property outright or have substantial equity in the property.

7.3.c Project Security. Applicant must demonstrate and commit sufficient collateral to ensure the security of the loan. Security shall be demonstrated based upon an 80% loan to value ratio based upon the most current County Assessor records, unless otherwise recommended by the NAHC and approved by the City Council. Loans shall be secured via recording of a Trust Deed and Promissory Note against the property.

7.3.d. Loan Terms

- (1) Loans are available in amounts ranging between \$5,000.00 and \$15,000.00. This amount may be increased up to \$25,000.00 if the need for repairs is justified, if the Newberg

Affordable Housing Commission recommends the City Council increase the loan amount, and if adequate equity is established.

- (2) The standard interest rate is two percent (2%) below the prime rate.
- (3) The standard term of the loan is five (5) years.
- (4) The applicant shall pay a loan processing fee equal to one percent (1 %) of the loan or \$100.00, whichever is greater.
- (5) Standard loan terms may be modified by approval of the city council.
- (6) The applicant shall enter into an agreement guaranteeing the dwellings will only be occupied by families or individuals meeting the income guidelines for the loan term.
- (7) The applicant will be required to pay for all financing fees including but not limited to recording of trust deeds and promissory notes, title searches, and other third party costs related to securing the loan.

7.3.e Process

- (1) The city manager shall appoint a loan officer to process loan applications.
- (2) The loan officer will prepare application specifications. The loan officer will receive applications by a date specified in the notice of funding availability. The loan officer will accept applications after that date if funding remains available, and may establish a waiting list for applications in future funding cycles.
- (3) The loan officer will review applications for eligibility, and qualify applicants as either standard or preferred applicants. The loan officer may establish a priority for awarding of qualified loans.
- (4) Prior to awarding any loan, the application will be forwarded to the Affordable Housing Commission for consideration of recommendation for approval by the Newberg city council.
- (5) The loan officer shall prepare the necessary documents and agreements to execute and provide for repayment of the loan.
- (6) The applicant shall complete all repairs within one year of loan award.

SECTION 8. NAHTF Competitive Grant or Loan Award Threshold and Selection Criteria

8.1 The project is considered an eligible use or activity under Section 3, and benefits households earning less than 80% the area median income (threshold verification).

8.2 If the project is related to the provision of technical assistance to affordable housing providers, the use of Newberg Affordable Housing Trust Funds functions to increase the capacity of the organization to specifically address the mission of the NAHTF (threshold verification).

8.3 Newberg Affordable Housing Trust Funds shall be limited to the minimum amount necessary to complete the project. The lower the percentage of NAHTF funds requested, relative to the full project costs, the higher ranking the project shall be given.

- 8.4 The project addresses the unmet housing needs as identified in the Housing Element of the Newberg Comprehensive Plan.
- 8.5 The lower the income level that is targeted for the benefitting households, the higher the ranking the project shall be given.
- 8.6 The project provides new affordable housing, or new affordability, through retention or rehabilitation of existing housing, within the city. The greater the number of units provided, the higher the ranking the project shall be given.
- 8.7 The project retains the affordable housing units as affordable. The longer period of time the units remain affordable, the higher ranking the project shall be given.
- 8.8 The project addresses energy conservation through the integration of green building technologies in new construction, or achieves greater energy efficiency through rehabilitation of existing housing.
- 8.9 The project maximizes partnerships in the community (volunteers, in-kind contributions, cash contributions, multiple organization involved, etc).
- 8.10 The project utilizes already existing resources in effective and innovative ways. The project shall not duplicate service provided by another organization.
- 8.11 The agency submitting the proposal has the capacity to carry out the project and has had demonstrated successes completing projects of similar scope.
- 8.12 The budget and timeline are thorough and realistic.
- 8.13 The project is ready for implementation.
- 8.14 If the project includes the acquisition of property, the identified property is currently available for acquisition and the applicant has secured either a purchase option or letter of interest from the seller. If the applicant is also applying for federal funding (i.e. Community Development Block Grants or HOME) they should carefully review procurement requirements and limitations before obtaining a purchase option.
- 8.15 The relocation of existing residents will be minimized, and when necessary, the applicant has included accurate relocation assistance costs as part of the project pro forma.
- 8.16 The proposal demonstrates that Newberg Affordable Housing Trust Funds are the most appropriate funding source, and necessary, for the project.
- 8.17 Additional selection criteria may be developed and included in the annual RFP to best direct Newberg Affordable Housing Trust Funds toward an identified priority need. Numeric rankings for each of the selection criteria shall be incorporated into the annual RFP.

SECTION 9. Fund Revenue

- 9.1 The city manager is directed to create a new budget department code within the existing Fund 14 for monies within the NAHTF. Monies within the budget under line 14-4120-602000, Housing Authority Loans, shall be placed in this new department code.
- 9.2 All new revenue brought into the NAHTF shall be done so with the approval of the city council.

EFFECTIVE DATE of this resolution is the day after the adoption date, which is: XXXXX, 2015.

ADOPTED by the City Council of the City of Newberg, Oregon, this XXX day of XXX, 2015.

Sue Ryan, City Recorder

ATTEST by the Mayor this day of , 2015.

Bob Andrews, Mayor

DRAFT

Ordinance No. 2015-2785

An Ordinance amending the municipal code for the Newberg affordable housing trust fund, sections 3.35.010 and 3.35.020

Recitals:

1. The Newberg City Council adopted Ordinance No. 2012-2749 on March 5, 2012 establishing the Newberg Affordable Housing Trust Fund as Chapter 3.35 of the Newberg Municipal Code.
2. On June 15, 2015 the Newberg City Council adopted Resolution No. 2015-3202 amending the Policies and Procedures for administration of the City of Newberg Affordable Housing Trust Fund adopted by Resolution No. 2012-2988.
3. As part of the amendments in Resolution No. 2015-3202, Section 1.1 was modified related to the area median income requirement. This modification reduced the median income level from the prior 100% down to 80% of the area median income.
4. To ensure consistency between the enacting ordinance and the resolution adopting the Policies and Procedures for administration of the City of Newberg Affordable Housing Trust Fund section 3.35.010 and 3.35.020 need to be modified to reflect the 80 percent of area median income requirement.

The City of Newberg ordains as follows:

Section 3.35.010 is amended to read as follows:

- A. The purpose of the Newberg affordable housing trust fund (NAHTF) is to support the development, preservation, and rehabilitation of housing that is affordable to the citizens of Newberg with incomes that do not exceed 80 ~~100~~ percent of the area median income. The NAHTF will have a dedicated source of revenue to provide ongoing funding for housing projects or programs that address the housing needs of these Newberg residents. The primary purpose of the NAHTF is to encourage the development, preservation, and rehabilitation of housing for home ownership or rent, at a cost that will enable very low, low and moderate-income families to afford quality housing while paying no more than 30 percent of gross household income on housing.
- B. NAHTF funds will support activities that create, preserve or acquire affordable housing within the Newberg city limits. NAHTF funds also may be used for permanent or transitional housing for homeless families and individuals, and for the modernization, rehabilitation and repair of public housing.

- C. The NAHTF is not intended to be the sole source of funding for affordable housing, and any activity or project eligible for support from the NAHTF is expected to develop additional sources of funds.
- D. To achieve the purposes of the NAHTF, it is the goal of the city to operate a fund that is strong and effective.

Section 3.35.020 is amended to read as follows:

The following words and phrases whenever used in this chapter shall be construed as defined in this section unless from the context a different meaning is intended.

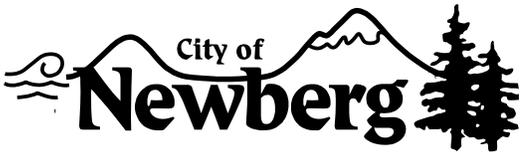
“Administrative procedures” mean the procedures for administration of the NAHTF established by resolution of the city council, including but not limited to procedures which outline application, evaluation, and all other associated procedures for administration of the NAHTF.

“Affordable housing” means residential housing primarily for households or persons earning less than 80 ~~100~~ percent the area median income where housing costs or rent do not constitute more than 30 percent the household income, and as more fully defined per city resolution.

“Affordable housing priorities” mean priorities established from time to time by the city council by motion, order or resolution, to guide the allocation of funds from the NAHTF.

“Eligible uses and activities” mean those uses for the NAHTF which are set forth in an implementing resolution of the city council, such uses including but not limited to uses and activities which facilitate the production and preservation of affordable housing within Newberg’s city limits.

“Newberg affordable housing trust fund” (NAHTF) means a separate account created by the city finance department established by this chapter and used exclusively for NAHTF purposes as set forth in this chapter and implementing resolutions of the city council.



Community Development Department
P.O. Box 970 ▪ 414 E First Street ▪ Newberg, Oregon 97132
503-537-1240 ▪ Fax 503-537-1272 ▪ www.newbergoregon.gov

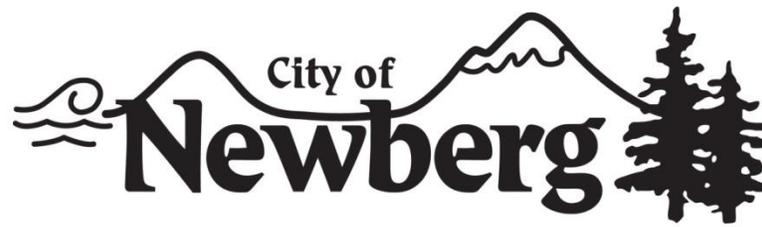
MEMORANDUM

TO: Newberg Affordable Housing Commission
FROM: Doug Rux, Community Development Director
SUBJECT: Newberg Affordable Housing Trust Fund – Notice of Funding Availability
DATE: July 21, 2015

In your packet you will find the draft material for the Newberg Affordable Housing Trust Fund – Notice of Funding Availability. As you read through the material dollar values have not been provided for all of the possible funding categories. At our meeting we will discuss what funding allocation should be identified for each category.

To give you some background for Fiscal Year 2015/2016 there is budgeted a total of \$63,588 for loans and grants. Per Resolution No. 2015-3202, Section 5.5 as a target 80% of the budget would be available for loans, 5% for grants and 15% for contingency for grants and/or loans. Roughly this breaks down to:

- A. \$3,100 for grants (Competitive Grant Program)
- B. \$51,117 for loans (Competitive Loan Program, Rental Rehabilitation Loan Program, Time Sensitive Loan Program)
- C. \$9,020 for contingency

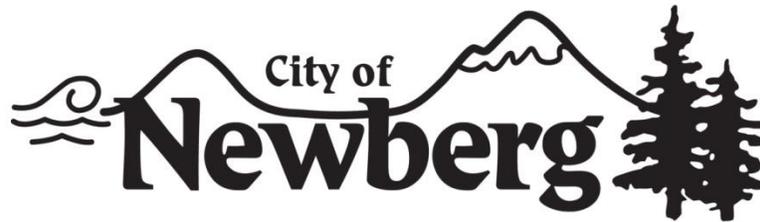


Notice of Funding Availability Newberg Affordable Housing Trust Fund Fiscal Year 2015 - 2016

The Newberg Affordable Housing Trust Fund (NAHTF) has funding available for the current fiscal year ending June 30, 2016. Funds are available to organizations (non-profit and for-profit) and individuals that provide affordable housing and/or related services within Newberg. Funds are to assist with the creation/acquisition of new affordable housing or the maintenance of existing affordable housing inventory within the community. Up to approximately \$XXXX in loans are available from the NAHTF. Loans may be requested from the City of Newberg anytime throughout the current fiscal year.

For a more detailed description of this Notice of Funding Availability (NOFA), please visit the following website link <https://www.newbergoregon.gov/planning/affordable-housing-loans-available-2015-2016> or visit the City Hall at 414 E. First Street. For questions about the NAHTF, please contact Doug Rux at 503-537-1212 or at doug.rux@newbergoregon.gov, P.O. Box 970 Newberg, OR 97132.

Release Date: TBD



Notice of Funding Availability Newberg Affordable Housing Trust Fund Fiscal Year 2015 - 2016

This Notice of Funding Availability (NOFA) is directed to organizations (non-profit and for-profit) and individuals that provide affordable housing and/or related services within the City of Newberg. The goal of this NOFA is to inform the intended audience of the availability of funds to assist with activities that will assist with the creation/acquisition of new affordable housing or the maintenance of existing affordable housing inventory within the community.

Funding Availability by Program

Funding is available for the fiscal year ending June 30, 2016 for the following programs:

Competitive Grant Program: Approximately \$3,100 is available for this program. This program provides grants for projects that create, acquire, or retain affordable housing in the city. A minimum 50% match is required. Grant applications are due XXXX, December XXX, 2015 4:30 p.m.

Competitive Loan Program: At least \$XXX and up to \$XXXX is available for this program. This program provides loans for projects that create, acquire, or retain affordable housing in the city. Applications are due XXXX, December XX, 2015 4:30 p.m.

Rental Rehabilitation Loan Program: Up to \$XXXX is available for this program. This program provides loans to landlords so they can rehabilitate dwellings and make them safe and decent for rental to low or very low income families. Loans are available in amounts ranging between \$5,000 and \$15,000, and may be increased up to \$25,000 if recommended by the NAHC and approved by the City Council. The standard loan term is five years. The standard interest rate is 2% below prime rate. Applicants seeking funding assistance must be willing to

enter into a contractual agreement with the city that will ensure the future affordability of the project units for a specific period of time. Applications will be accepted at any time during the fiscal year.

Time Sensitive Loan Program: Up to \$XXXX is available for this program. This program offers loans for projects that create, acquire, or retain affordable housing in the community that have particular needs that are opportunity driven and time sensitive. The standard loan term is two years. The standard interest rate is 2% below prime rate. Security shall be demonstrated based upon 80% loan to value ratio based on the most current County Assessor records. These funds are available on a first come/first served basis, subject to approval.

What is the Newberg Affordable Housing Trust Fund (NAHTF)?

The NAHTF is a financial resource intended to support the development, preservation, and rehabilitation of affordable housing that is affordable to the citizens of Newberg. The primary purpose of the NAHTF is to encourage the development, preservation, and rehabilitation of housing for homeownership or rent, at a cost that will enable very low, low and moderate-income families to afford quality housing while paying no more than thirty percent of gross household income on housing. To promote the rehabilitation, preservation and production of quality, well-designed rental and ownership housing, the NAHTF will award funds to community development partners that are furthering the NAHTF mission. It is expected that the local contributions made through Newberg's Affordable Housing Trust Fund will maximize the leveraging of state and federal funds, as well as encourage private sector investment in affordable housing.

The City of Newberg defines affordable housing as residential housing primarily for households or persons earning less than 80% of the median area income (MHI) and where housing and/or rental costs do not constitute more than 30% of a household's income. MHI shall be established by the most current U.S. Department of Housing and Urban Development Department data for Yamhill County, Oregon as adopted by the City of Newberg in the year of application submission.

How was the NAHTF created?

The creation of a NAHTF was a proposal identified in the Newberg Affordable Housing Action Plan. This Plan was created by an ad-hoc committee created by the Newberg City Council, which consisted of from a wide range in interests in community interested in the development and preservation of affordable housing. The Plan was adopted by Council via Resolution No. 2009-2843. A subsequent Newberg Affordable Housing Action Committee was appointed by the City Council to further develop the action items listed in the Plan, including the creation of an affordable housing trust fund. The Committee created a multiple documents for consideration of adoption by the Council. In 2012, the Council adopted Ordinance No. 2012-2749, establishing the NAHTF as well as Resolution No. 2012-2988, establishing the policies and

procedures for the administration of the NAHTF that was later amended by Resolution No. 2015-3202.

Who can access funding from the NAHTF?

Eligible recipients of resources from the NAHTF are organizations with interests in developing and/or preserving affordable housing in Newberg. Potential recipients include governmental subdivisions, community development corporations, local housing authorities, community action agencies, community-based or neighborhood-based non-profit housing organizations, other non-profit organizations, for-profit entities and private employers, and private landlords.

What types of projects qualify for funding under the NAHTF?

The Newberg Affordable Housing Trust Funds can be provided as either a grant or a loan depending on the project or program receiving funding. To retain a significant degree of flexibility, the eligible uses have a broad application including the following:

Acquisition and construction of new affordable housing. Eligible acquisition and construction costs include reasonable costs associated with building or land purchase, including but not limited to:

- Purchase price
- Option costs
- Financing fees including but not limited to the recording of trust deeds and promissory notes, title searches, and other third party costs related to securing the loan.
- Appraisal costs
- Closing costs
- Inspection fees
- Title insurance
- Relocation costs
- Architectural/engineering fees
- Permit fees
- System development charges
- Construction costs

Conservation of energy through the use of “green” technologies provided that the benefits of the energy savings is passed on in the form of reduced costs to the qualified occupants of the affordable housing.

Land banking to include the purchase of land to be dedicated toward the development of affordable housing in the near or long-term.

Predevelopment activities undertaken by a community development organization in support of the development of affordable housing including planning, architectural services, engineering services, landscape design, legal services, surveys, appraisals, site clearance and demolition,

environmental clearance, permit application fees and system development charges. Grant funding for these types of activities may be required to convert to a loan if the project receives full funding. For-profit developers are not eligible to apply for Newberg's Affordable Housing Trust Funds to assist with predevelopment costs.

Bridge loans to assist in development of affordable housing (for rental or owner occupancy). Bridge loans are intended to provide funding to permit housing projects to proceed in advance of the availability of permanent project funding. Bridge loan funding is available for acquisition or construction activities.

Capacity building for non-profit affordable housing providers in the form of direct grant awards to fund administration of an affordable housing project or program.

Rehabilitation and emergency repairs as part of an established program to secure units as affordable or to provide direct benefits to existing very low to moderate income households. Eligible rehabilitation and emergency repair costs include but are not limited to:

- Architectural/engineering fees
- Consultations
- Construction costs
- Relocation costs
- Financing fees including but not limited to the recording of trust deeds and promissory notes, title searches, and other third party costs related to securing the loan.
- Hazardous materials abatement including lead based paint noticing consistent with the Federal Lead Safe Housing Regulations HUD requirements at 24 CFR §35

Rehabilitation loans to the owners of owner-occupied dwellings are not eligible uses of the NAHTF.

Direct benefits to very low to moderate income households through an established program including down payment assistance, rental assistance, mortgage foreclosure prevention, emergency housing vouchers, homeownership training, renter education, or other programs intended to increase housing opportunities for Newberg's low to moderate income residents.

Transitional and emergency housing for homeless individuals and families through an established program to move people toward self-sufficiency.

Educational programs and services for potential home owners and renters.

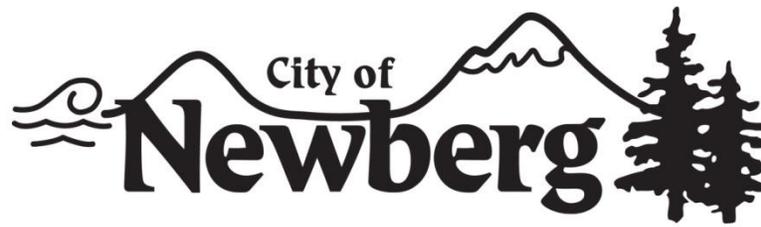
Other uses as deemed appropriate by the Newberg City Council as supporting the development or preservation of affordable housing within the City of Newberg.

How does one apply for funding under NAHTF?

The application form for funding under the NAHTF can be found at (city web site link) or may be picked up at the Newberg City Hall at 414 E. First Street.

Who do I contact with questions about the NAHTF?

For questions about the NAHTF, please contact Doug Rux at 503-537-1212 or at doug.rux@newbergoregon.gov, P.O. Box 970 Newberg, OR 97132.



**Newberg Affordable Housing Trust Fund
Funding Request Application
FY 2015-2016 Competitive Awards Program**

NOTE: The first round of applications are due **TBD, 2015 at 4:30 p.m. Applications are to be submitted to Doug Rux, Community Development Director by email at doug.rux@newbergoregon.gov or by postal mail via City of Newberg, PO Box 970, Newberg, Oregon, 97132 or by hand delivery to City Hall, 414 E. First Street.**

If you would like to request a Word format version of this application please contact Doug Rux at doug.rux@newbergoregon.gov

Project name:

Organization name:

Is your organization a for-profit or non-profit?

Contact name/title:

Mailing address:

Telephone:

Email address:

Total project cost:

Requested amount of funding: Please specify amount of grant and/or loans you are requesting.

Amount and description of matching resources being contributed to the project (NOTE: must be at least 50% of the total project cost):

Project partners and their contributions to the project:

Estimated project beginning and completion date:

Please briefly describe the affordable housing problem you are trying to solve and how your project help in solving that challenge:

Please describe how your project will address the Competitive Awards Selection Criteria described in “Attachment A” of this form, including additional documentation/evidence as needed:

Newberg Affordable Housing Trust Fund FY 2015-2016 Competitive Awards Program Selection Criteria

Minimum Threshold Criteria	Potential Points
1. The project is considered an eligible use or activity under Section 3, and benefits households earning less than 80% the area median income (threshold verification)*.	NA
2. If the project is related to the provision of technical assistance to affordable housing providers, the use of Newberg Affordable Housing Trust Funds functions to increase the capacity of the organization to specifically address the mission of the NAHTF (threshold verification).	NA
3. The project addresses the unmet housing needs as identified in the Housing Element of the Newberg Comprehensive Plan.	NA
4. The project is ready for implementation.	NA
5. If the project includes the acquisition of property, the identified property is currently available for acquisition and the applicant has secured either a purchase option or letter of interest from the seller. If the applicant is also applying for federal funding (i.e. Community Development Block Grants or HOME) they should carefully review procurement requirements and limitations before obtaining a purchase option.	NA
6. That relocation of existing residents will be minimized, and when necessary, the applicant has included accurate relocation assistance costs as part of the project pro forma.	NA
7. The proposal demonstrates that Newberg Affordable Housing Trust Funds are the most appropriate funding source, and necessary, for the project.	NA
Scored Application Criteria	
8. Newberg Affordable Housing Trust Funds shall be limited to the minimum amount necessary to complete the project. The lower the percentage of NAHTF funds requested, relative to the full project costs, the higher ranking the project shall be given.	Up to 25 points
9. The lower the income level that is targeted for the benefitting households, the higher the ranking the project shall be given.	5 points per unit- low income 10 points per unit- very low income
10. The project provides new affordable housing, or new affordability, through retention or rehabilitation of existing housing, within the city. The greater the number of units provided, the higher the ranking the project shall be given.	5 points per unit retained; 10 points per unit created (20 points maximum)
11. The project retains the affordable housing units as affordable. The longer period of time the units remain affordable, the higher ranking the project shall be given.	1 point per year (10 points maximum)
12. The project addresses energy conservation through the integration of green building technologies in new construction, or achieves greater energy efficiency and cost savings to tenants through rehabilitation of existing housing.	Up to 5 points

13. The project maximizes partnerships in the community (volunteers, in-kind contributions, cash contributions, multiple organization involved, etc).	Up to 10 points
14. The project utilizes already existing resources in effective and innovative ways. The project shall not duplicate services provided by another organization.	Up to 5 points
15. The agency submitting the proposal has the capacity to carry out the project and has had demonstrated successes completing projects of similar scope.	Up to 10 points
16. The budget and timeline are thorough and realistic (evidence of construction and/ or service costs required with application).	Up to 5 points
Total Potential Points	100

*FOR 2015, the Median Household Income for the City of Newberg was \$59,528.

DEFINITIONS:

“Adjusted Gross Income” (AGI) is as reported on IRS Form 1040. Also, income before taxes for all members of one family in the previous twelve months. Income can be derived from salaries, investments, self-employment, farming, and other sources. Assets such as a house or a farm are not income. For people who have wages, gross income means the figure that they would have received in their paychecks if there were no taxes. Gross income before taxes when applied to farm income means the figure that results when farm expenses are subtracted from farm sales. Gross income also includes unemployment and disability compensation, worker's compensation and severance pay; and welfare assistance payments.

“Family” means all persons living in the same household who are related by birth, marriage or adoption.

“Median Household Income” (MHI) includes the income of the householder and all other individuals 15 years old and over in the household, whether they are related to the householder or not. Because many households consist of only one person, average household income is usually less than average family income. Although the household income statistics cover the past 12 months, the characteristics of individuals and the composition of households refer to the time of application. Thus, the income of the household does not include amounts received by individuals who were members of the household during all or part of the past 12 months if these individuals no longer resided in the household at the time of application. Similarly, income amounts reported by individuals who did not reside in the household during the past 12 months but who were members of the household at the time of application are included. However, the composition of most households was the same during the past 12 months as at the time of application, as defined by the U.S. Census.