



**CITY COUNCIL AGENDA  
AUGUST 15, 2016, 7:00 PM  
PUBLIC SAFETY BUILDING TRAINING ROOM (401 EAST THIRD STREET)**

**Mission Statement**

*The City of Newberg serves its citizens, promotes safety, and maintains a healthy community.*

**Vision Statement**

*Newberg will cultivate a healthy, safe environment where citizens can work, play and grow in a friendly, dynamic and diverse community valuing partnerships and opportunity.*

**I. CALL MEETING TO ORDER**

**II. ROLL CALL**

**III. PLEDGE OF ALLEGIANCE**

**IV. CITY MANAGER'S REPORT**

**V. PUBLIC COMMENTS**

(30 minutes maximum, which may be extended at the Mayor's discretion, with an opportunity to speak for no more than 5 minutes per speaker allowed)

**VI. CONSENT CALENDAR**

1. Minutes from July 18, 2016 Pages 1-6
2. OLCC Full On-Premises Sales for Ichi Sushi & Grill House LLC dba Ichi Sushi Page 7
3. Resolution 2016-3331, A Resolution adding Terrence "Terry Mahr" to the list of pro-tem judges approved previously by Council Resolution No. 2010-2891 Pages 8-9

**VII. PUBLIC HEARING**

1. Ordinance 2016-2806, An Ordinance amending the Newberg Municipal Code regarding the Transient Lodging Tax hotel definition, clarifying exemptions and declaring an emergency Pages 10-17

**VIII. NEW BUSINESS**

1. Resolution 2016-3306, A Resolution amending policies and procedures for administration of the City of Newberg's Affordable Housing Trust Fund Pages 18-48
2. Resolution 2016-3327, A Resolution approving an Intergovernmental Agreement between the City of Newberg and Mid-Willamette Valley Council of Governments for Economic Development Revolving Loan Fund services Pages 49-53

**Agenda continued on next page**

The Mayor reserves the right to change the order of items to be considered by the Council at their meeting. No new items will be heard after 11:00 p.m., unless approved by the Council.

## VIII. NEW BUSINESS, continued

3. Resolution 2016-3328, A Resolution approving an intergovernmental agreement between the City of Newberg and Mid-Willamette Valley Council of Governments for Affordable Housing Trust Fund Services Pages 54-60

## IX. COUNCIL BUSINESS

## X. ADJOURNMENT

*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 and no later than two business days prior to the meeting. To request these arrangements, please contact the City Recorder at (503) 537-1283. For TTY services please dial 711.*

**Council accepts comments on agenda items during the meeting. Fill out a form identifying the item you wish to speak on prior to the agenda item beginning and turn it into the City Recorder. Speakers who wish the Council to consider written material are encouraged to submit written information in writing by 12:00 p.m. (noon) the day of the meeting.**

The Mayor reserves the right to change the order of items to be considered by the Council at their meeting. No new items will be heard after 11:00 p.m., unless approved by the Council.

# *REQUEST FOR COUNCIL ACTION*

**DATE ACTION REQUESTED: August 15, 2016**

**Order \_\_\_      Ordinance \_\_\_      Resolution \_\_\_      Motion XX      Information \_\_\_**  
**No.                      No.                      No.**

**SUBJECT: Minutes**

**Contact Person (Preparer) for this  
Motion: Sue Ryan, City Recorder  
Dept.: Administration  
File No.:**

**RECOMMENDATION:**

Approve City Council minutes from July 18, 2016.

**NEWBERG CITY COUNCIL MINUTES  
REGULAR SESSION  
July 18, 2016, 7:00 PM  
PUBLIC SAFETY BUILDING (401 E. THIRD STREET)**

A work session was held at 6:00 p.m. preceding the meeting. Present were Mayor Bob Andrews, Councilors Lesley Woodruff, Denise Bacon, Mike Corey, Scott Essin, Patrick Johnson and Stephen McKinney. Also present were City Manager Joe Hannan, City Attorney Truman Stone, City Recorder Sue Ryan, Community Development Director Doug Rux, Public Works Director Jay Harris, City Engineer Kaaren Hofmann and Police Chief Brian Casey.

Mayor Andrews called the meeting to order. He brought up items for Council business including the Poysdorf delegation visit and the Newberg Old Fashioned Festival parade. Councilor Essin wanted to cover the Special Olympics. Councilor Bacon wanted to discuss a smoking ban on City property.

Presentation of promoted officers:

Police Chief Casey presented several officers to the Council who had recently received promotions including Del Linck, promoted to Corporal; Jay Stearns, promoted to Detective; and Cameron Ferguson, promoted to Sergeant. He administered the Oath of Office for these officers.

Pavement maintenance project update:

Public Works Director Harris gave the background on the Pavement Master Plan update project. He explained the Council wanted to maintain the existing Pavement Condition Index. To fund the program it would be \$1.9 million per year and the Council gave direction to look at a Street Utility Fee and Street Lighting fee. A Capital Improvement Plan would be created for use of the funds for the next 10 years for Phase 1 and 2.

City Engineer Hofmann introduced the consultants and committee members who had worked on this project. The committee had discussed the Pavement Condition Index and types of maintenance and street rehabilitation. Consultant Tony Roos, Kittelson and Associates, said the next advisory committee meeting would cover maintenance prioritization. Future meetings would look at funding allocation, and a compilation of the plan in order to recommend to the Council. Work is to be completed by November. PWD Harris said the committee gave a lot of recommendations including doing a mix of projects around the City. One of the funding options was a gas tax and after doing some research, he found out that a \$.03 tax could generate about \$600,000 per year in revenue.

There was discussion on how the gas tax was calculated and collected, other funding options, the extent of the current paving issues and how best to solve the problem, and the committee makeup. There was concern that the project needed to get moving as soon as possible as the Council did not want the streets to continue to deteriorate.

Councilor Essin discussed the Special Olympics he attended. The Mayor won a gold medal for his work on the Special Olympics. He thought it was an outstanding event. Mayor Andrews discussed the law enforcement torch run.

**CALL MEETING TO ORDER**

The Mayor called the business session to order at 7:00 p.m.

**ROLL CALL**

Members Present:	Mayor Bob Andrews	Scott Essin	Stephen McKinney
	Lesley Woodruff	Mike Corey	Denise Bacon
	Patrick Johnson		

Staff Present:	Joe Hannan, City Manager	Matt Zook, Finance Director
	Sue Ryan, City Recorder	Truman Stone, City Attorney
	Kaaren Hofmann, City Engineer	Jay Harris, Public Works Director
	Brian Casey, Police Chief	Doug Rux, Community Development Director
	Mary Newell, Police Support Services Manager	

**PLEDGE OF ALLEGIANCE:** The Pledge of Allegiance was performed.

**PRESENTATIONS:**

Mayor Andrews read the proclamation and presented it to members of the Newberg Old Fashioned Festival Court.

**MOTION: Bacon/Woodruff** moved to proclaim July 28-31, 2016, as Newberg Old Fashioned Festival week. Motion carried (7 Yes/ 0 No).

**CITY MANAGER'S REPORT:** City Manager Hannan discussed the differences between the City newsletter, Mayor's news, Council update from the City Manager, and Council update that would be available to the public. There would be training on the new Granicus system on Wednesday. There had been a discussion regarding the options for the dispatch center and the future of the Newberg 9-1-1 Dispatch center. He met with the Yamhill County Administrator regarding issues including communication and partnerships. He reported on the volunteer committee who was working on the visit Poysdorf, Austria Sister City delegation. He explained future Work Session items, such as the five-year financial plan and affordable housing issues.

**PUBLIC COMMENTS:**

Dave Adams, KYLC Radio, said started a company called CLM Online, which included four internet radio stations. One was Operation Eagles Wings, which supported veterans. The Wall of Honor with the names of service men and women who were killed in Iraq and Afghanistan would be coming to Newberg after a location was found. KYLC Radio was looking to increase their operating power to 10,000 watts in order to provide better coverage.

Kirby Faircloth, VFW, presented certificates to Police Chief Casey and Mayor Andrews for their support during the Memorial Day Service. Mayor Andrews explained the reason he had been involved in recognizing veterans because of the service they had given to their communities including Newberg.

**CONSENT CALENDAR:**

**MOTION: Bacon/Corey** moved to approve the Consent Calendar, including minutes from June 20, 2016 as amended; Resolution 2016-3314, A Resolution to authorize the City Manager to enter into an agreement with the State of Oregon to exchange federal funds for state funds for the City's Villa Road Improvement Project; OLCC license for Brewery Public House dba: Newberg Growler House; and a Resolution 2016-3319, a Resolution accepting the donation of an ATV from the Newberg Dundee Reserves for City use. Motion carried (7 Yes/ 0 No).

**PUBLIC HEARING - LEGISLATIVE:**

Ordinance 2016-2807:

Mayor Andrews opened the hearing and called for any abstentions or conflicts of interest on the part of the Council or any objections to the Council's jurisdiction. There was none.

City Attorney Stone said under the Consent Calendar the Council just approved a resolution accepting a donation of an ATV to be used for events. The Code had to be changed to authorize City employees and Fire personnel to use the ATV while performing duties for the City. The emergency clause would enable the ordinance to be in effect for the Old Fashioned Festival. He recommended approval of the ordinance.

There was no public testimony.

Mayor Andrews closed the hearing.

**MOTIONS: Bacon/McKinney** moved to approve waive the second reading of Ordinance 2016-2807. Motion carried (7 Yes/0 No). **Bacon/Corey** moved to adopt Ordinance 2016-2807, An Ordinance authorizing City personnel or Fire/EMS personnel to operate ATVs within the City of Newberg while performing duties; and declaring an emergency to be read by title only. Motion carried (7 Yes/ 0 No).

**NEW BUSINESS:**

Resolution 2016-3315:

City Engineer Hofmann said in preparation for the construction of the South Springbrook Road improvements, the City entered into an IGA with ODOT for right-of-way acquisition for the Bypass. The agreement expired June 30, 2016, and

needed to be extended to August 31, 2019, to acquire the rest of the needed right-of-way. Language was added on new federal procurement codes.

**MOTION: Corey/Bacon** moved to approve Resolution 2016-3315, A Resolution authorizing the City Manager to execute Amendment No. 1 to an Intergovernmental Agreement with the State of Oregon to provide right-of-way services for the Newberg-Dundee Bypass project (Agreement No. 29496). Motion carried (7 Yes/0 No).

Resolution 2016-3316:

CE Hofmann explained advanced financing for public improvements. Providence Health System connected a sanitary sewer main line from the Newberg Medical Center to the Fernwood sanitary sewer pump station. The line was built to be able to serve undeveloped adjacent properties. In 2006, the Council authorized the City Manager to execute the advanced financing agreement for this improvement, which expired on July 21, 2016 and Providence was requesting a ten-year extension. This request did not come in during the 6-12 month timeframe and it was up to Council to decide whether or not to approve it. The improvement had been inspected and was in good condition. A letter in objection had been received from WP-99, LLC because the request was not made in a timely manner.

CA Stone had received the letter very late in the afternoon via e-mail. He clarified the timing issue. The letter requesting the extension was not submitted within the 6-12 month timeframe, however the timeframe was a Code change that happened in 2007 after the agreement had been made. He thought this agreement fell under the prior Code, which did not have this requirement. There was specific language in the agreement itself. In this case he thought that was the controlling language and that it was a timely request.

Mayor Andrews said this was agreed to prior to the Code change and the Code could not be retroactive.

CA Stone clarified the procedure changed and he thought changes to the Code should not affect the contract. The contract had the controlling language. There was discussion regarding how the Bypass development might affect the sewer line.

Councilor McKinney asked if the action they took tonight would further impair the development of the property.

CDD Rux said staff had been in discussions with a possible developer. They were informed about the sewer line and advanced financing agreement. There was a high pressure gas line as well and they would have to work that out with the construction of the Bypass and the potential for a medical clinic to go on the undeveloped site.

Councilor Woodruff asked for clarification on the advanced finance agreement. CE Hofmann explained when the benefitting property hooked up to the sewer line, they would pay the dollar amount in the agreement to the City plus the interest rate, and the City would pay it back to Providence. It was a reimbursement to Providence for the new development's share. Councilor Woodruff said if the agreement expired, Providence would not be reimbursed. CE Hoffman said that was correct.

Councilor Johnson asked about the 9% interest rate and if it could be lowered to today's interest rates. CA Stone explained the 9% was a default interest rate if no other was specified. The agreement did not have an adjustable interest rate and the criterion for renewing of the contract was if it would be contrary to the public's interest. He thought a finding would have to be made to say it wasn't in the public's interest, otherwise the contract was an automatic renewal.

Attorney Stephen Palmer, representing Providence Health Systems, pointed out all of the things Providence had done for the community with a low expectation that costs would be recouped. He thought 9% was the right interest rate. The line was already in existence and the pipe was in good condition. He did not think there would be harm to the public and the extension would possibly give Providence back some of the money they had expended. He asked for approval.

Councilor McKinney asked if this was a housekeeping issue and if there was any language in the contract that would present issues. CE Hofmann explained it was mainly housekeeping at this point. CA Stone said the City was acting as a conduit between two private parties and the agreement did not have an effect on the City. The only thing was if there was a concern about public interest.

Councilor Woodruff said the 6-12 month timeframe was not in the agreement and was not applicable. CA Stone responded that requirement was not adopted until a year after this agreement was entered into.

There was a motion made, withdrawn, and some amending language was suggested by CA Stone to strike Paragraph 5 of the recitals.

**MOTION: Bacon/Johnson** moved to approve Resolution 2016-3316, A Resolution authorizing an extension to the Advanced Finance Agreement with Providence Medical Center and the deletion of Item #5 in the Recitals. Motion carried (7 Yes/0 No).

Resolution 2016-3320:

Finance Director Zook said the cost of living adjustments were built into the budget. A compensation and classification study was done in the fall and it recommended a 2% COLA. It was not called out during the budget process, and he recommended approval.

**MOTION: Corey/Johnson** moved to approve Resolution 2016-3320, A Resolution authorizing the City Manager to implement a 2% cost-of-living-adjustment to non-represented employees effective July 1, 2016 in accordance with the FY 2016-17 adopted budget. Motion carried (7 Yes/0 No).

Resolution 2016-3323:

Police Support Services Manager Newell said this was a request to replace the existing 9-1-1 phone system. The system was seven years old, and should typically be replaced every five years. The funding came from the State tax on the phone bills.

**MOTION: McKinney/Essin** moved to approve Resolution 2016-3323, A Resolution authorizing the City Manager to approve the purchase of an AirBus Vesta 9-1-1 system for \$243,156.48. Motion carried (7 Yes/0 No).

**COUNCIL BUSINESS:**

Discussion on LOC Legislative Priorities:

Mayor Andrews said LOC wanted four legislative priorities from Newberg, and he suggested those four be property tax reform, mental health investments, transportation funding, and housing assistance programs. There was discussion on other ideas such as the Oregon Energy Code, disaster mapping, 9-1-1 Communications, PERS, and the Handy issue.

**MOTION: Johnson/McKinney** moved to have the following LOC Priorities for cities. 1) Property Tax reform 2) Transportation Funding and Policy 3) 9-1-1 Communications 4) Mental Health and 5) the Handy issue. Motion carried (7 Yes/0 No).

Councilor Johnson suggested sending a secondary priorities list to include disaster mapping, housing, and Energy Code.

Discussion on suggestion boxes:

CM Hannan said in the past there had been suggestion boxes, but they had not received a tremendous response. It was important to get suggestions from the public, but there might be a better way, such as through electronic methods. Mayor Andrews explained the issues that had come up with the suggestion boxes in the past. There was a discussion on how the City should handle suggestions and complaints. City Recorder Ryan explained the system used by the City of Canby. There was further discussion regarding a complaint about tree trimming. There was consensus to continue to have people send complaints to the City by phone or electronically and staff's response was sent to the Council. There were certain issues and projects where the public was asked for their opinions and during the Council's goal setting the issue of creating a benchmark could be discussed.

Mayor Andrews discussed the Council's and Poysdorf Sister City delegation's participation in the Old Fashioned Festival Parade. He explained the delegation's schedule of activities while they were in Oregon. He showed them a medal from the Special Olympics given to him from Ken Austin who wanted the City to have it on display. There was a Sister City display in City Hall and he encouraged the Council to check it out.

Councilor Bacon said she had been approached by a few city employees about banning smoking on City property like the School District did. She asked if that was a possibility. CA Stone said there were areas outside of City Hall where people smoked, and most of those people were not City employees. He would look to see if there was a smoking prohibition passed by a previous Council.

**ADJOURNMENT:** The meeting was adjourned at 9:05 p.m.

**ADOPTED** by the Newberg City Council this 15th day of August, 2016.

\_\_\_\_\_  
Sue Ryan, City Recorder

**ATTESTED** by the Mayor this \_\_\_\_ day of August, 2016.

\_\_\_\_\_  
Bob Andrews, Mayor

DRAFT

# REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: August 15, 2016

Order \_\_\_      Ordinance \_\_\_      Resolution \_\_\_      Motion XX      Information \_\_\_  
No.                      No.

**SUBJECT: Recommendation for Approval of an Oregon Liquor Control Commission (OLCC) Full premise Db: Ichi Sushi**

Contact Person (Preparer) for this Motion: Karan Frketich  
Dept.: Police  
File No.:

**RECOMMENDATION:**

Recommend to the Oregon Liquor Control Commission (OLCC) that they approve a Full Premise dba: Ichi Sushi

**EXECUTIVE SUMMARY:**

A local records check and that of the state criminal data base reveals no issues or concern.

**FISCAL IMPACT:**

None

**STRATEGIC ASSESSMENT (RELATE TO COUNCIL GOALS):**

None

# REQUEST FOR COUNCIL ACTION

**DATE ACTION REQUESTED: August 15, 2016**

<b>Order</b> ___	<b>Ordinance</b> ___	<b>Resolution</b> <u>XX</u>	<b>Motion</b> ___	<b>Information</b> ___
<b>No.</b>	<b>No.</b>	<b>No. 2016-3331</b>		

<b>SUBJECT: Approve Terrence (“Terry”) Mahr to be Added to the Current List of Approved Municipal Court Pro Tem Judges</b>	<b>Contact Person (Preparer) for this Motion: Truman Stone Dept.: Legal File No.:</b>
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**RECOMMENDATION:**

Adopt Resolution No. 2016-3331.

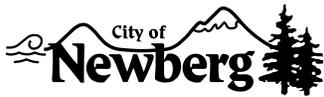
**EXECUTIVE SUMMARY:**

1. The Council, through Section 36 of the City Charter, is authorized to appoint and remove municipal judge pro-tems.
2. Under Resolution 2010-2891(adopted March 18, 2010), the Council approved a list of pro-tem judges. Municipal Judge Larry Blake Jr. is responsible for making arrangement for a municipal judge pro tem to serve when he is unavailable and is to choose from that list.
3. Terrence (“Terry”) Mahr lives in Newberg and currently serves as municipal judge for the cities of Yamhill, Dayton and Willamina. He has also served as pro-tem municipal judge for the cities of McMinnville, Forest Grove, Carlton, Dundee and Amity. He served as municipal court prosecutor for many years which makes him familiar with Newberg Municipal Court processes. Terry Mahr is qualified to serve as a pro-tem judge.
4. Judge Larry Blake Jr. requests that Terry Mahr be added to the list of Council-approved pro-tem judges due to his qualifications and availability.

**FISCAL IMPACT:**

Under Resolution No 2010-2891, pro-tem judges are paid for their services at the rate of \$75 per hour. By adopting this resolution, there is no change. .

**STRATEGIC ASSESSMENT:** Not Applicable



**RESOLUTION No. 2016-3331**

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**A RESOLUTION ADDING TERRENCE (“TERRY”) MAHR TO THE LIST OF PRO-TEM JUDGES APPROVED PREVIOUSLY BY COUNCIL RESOLUTION NO. 2010-2891.**

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**RECITALS:**

1. The Council, through Section 36 of the City charter, is authorized to appoint and remove municipal judge pro-tems.
2. Under Resolution 2010-2891(adopted March 18, 2010), the Council approved the current list of pro-tem judges. Municipal Judge Larry Blake is responsible for making arrangement for a municipal judge pro tem to serve when he is unavailable and is to choose from that list. Resolution No. 2010-2891 is hereby attached as Exhibit “A”.
3. Terrence (“Terry”) Mahr currently serves as municipal judge for the cities of: Yamhill, Dayton and Willamina. He has also served as pro-tem municipal judge for the cities of McMinnville, Forest Grove, Carlton, Dundee and Amity. Terry Mahr is qualified to serve as a pro-tem judge.
4. Terry Mahr served as city prosecutor for many years in the Newberg Municipal Court and is familiar with its typical processes. Terry is a local resident and could be more readily available to provide services as pro-tem judge.
5. Judge Larry Blake Jr. requests that Terry Mahr be added to the list of Council-approved pro-tem judges due to his qualifications and availability.

**THE CITY OF NEWBERG RESOLVES AS FOLLOWS:**

1. The City Council approves Terrence (“Terry”) Mahr to be added to the list of approved pro-tem judges for the Newberg Municipal Court.
  - **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: August 16, 2016.

**ADOPTED** by the City Council of the City of Newberg, Oregon, this 15th day of August, 2016.

\_\_\_\_\_  
Sue Ryan, City Recorder

**ATTEST** by the Mayor this \_\_\_\_\_ day of August, 2016.

\_\_\_\_\_  
Bob Andrews, Mayor

# *REQUEST FOR COUNCIL ACTION*

**DATE ACTION REQUESTED: August 15, 2016**

<b>Order</b> ___	<b>Ordinance</b> <u>X</u>	<b>Resolution</b> ___	<b>Motion</b> ___	<b>Information</b> ___
<b>No.</b>	<b>No. 2016-2806</b>	<b>No.</b>		

**SUBJECT: An Ordinance Amending The Newberg Municipal Code Regarding The Transient Lodging Tax Hotel Definition, Clarifying Exemptions, And Declaring An Emergency**

**Contact Person (Preparer) for this Motion: Jeanne Schuback/Truman Stone**  
**Dept.: Legal Dept**  
**File No.:**

**HEARING TYPE: LEGISLATIVE**

**RECOMMENDATION:**

Adopt Ordinance No. 2016-2806 amending the Newberg Municipal Code for the Transient Lodging Tax (TLT).

**EXECUTIVE SUMMARY:**

**A. SUMMARY:**

- Adds Important Exemptions to the TLT that are permitted under State Law.
- Adds Bed and Breakfast entities, Rooming Houses and Lodging Houses to the definition of Hotel to clear up any ambiguity for the purposes of collecting TLT.
- Adds to the Exemption of TLT, a limit on the number of rental days per year and requires exempt entities to not advertise as rental entities.

**B. SYNOPSIS:**

Amend NMC to: 1) comply with important exemptions to TLT that are permitted under ORS 320.308; and 2) allow the City to collect TLT on non-traditional hotel/motel entities such as those found on AirBnB and Vacation Rental By Owner (VRBO).

There are several important exemptions listed under ORS 320.308 that are not included in our code. These exemptions include rentals for: hospital/healthcare purposes; substance abuse or mental health treatment and emergency/temporary shelters. To conform to the State allowed exemptions, these exemptions should be included in NMC.

The definition for Hotel lists tourist homes or houses, but does not specifically use the term “Bed and Breakfast.” Furthermore the current exemption of rentals incidental to the owner’s use NMC 3.10.050(D) is too vague. Under the current definition for Hotel and the exemption for rentals incidental to the owner’s use, there is some uncertainty regarding collection of TLT on non-traditional hotel/motel entities such as those found on AirBnB and VRBOs. This amendment would limit the number of days per year a tax-exempt rental is permitted to be rented and exclude from the tax exemption entities that advertise.

*continued on next page*

**C. ANALYSIS:**

**EXEMPTIONS ALLOWED UNDER ORS 320.308:**

NMC currently does not provide an exemption for the TLT in several situations where the State allows an exemption. ORS 320.308 lists the following exemptions:

- (1) a dwelling unit in a hospital, healthcare facility; long term care facility or any other residential facility that is licensed, registered or certified by the Department of Human Services or the Oregon Health Authority;
- (2) A dwelling unit in a facility providing treatment for drug or alcohol abuse or providing mental health treatment;
- (3) \*\*\*
- (4) A dwelling unit, the consideration for which is funded through a contract with a government agency and the purpose of which is to provide emergency or temporary shelter.

These situations are such that the City of Newberg would not want to impose TLT. For that reason, these exemptions should be listed in NMC.

**DEFINING ENTITIES SUBJECT TO TLT:**

Hotel is defined under the NMC as: any structure or portion of any structure which is occupied or intended or designed for transient occupancy for 30 days or less or dwelling, lodging, or sleeping purposes, and includes any hotel, inn, *tourist home or house*, motel, apartment house, public or private dormitory, fraternity, sorority, public or private club, space in a mobile home or trailer park, or similar structure or portion of a structure so occupied, provided the occupancy is for less than a 30-day period. NMC 3.10.010

This definition for Hotel does not specifically use the term “Bed and Breakfast” or include a private home that rents out rooms. There is some uncertainty what the terms tourist home or house mean.

Some cities and counties include in their code a definition for Hotel that specifically includes Bed and Breakfast. Other cities have explicitly excluded Bed and Breakfast entities from any TLT exemption. Many cities have listed Rooming House and Lodging House in their definition for Hotel thereby including private homes that rent out rooms.

City/County	Includes BnB in Hotel definition	Specifically excludes BnB from exemption	Includes Rooming House and Lodging House in Hotel definition
Portland	Defines BnB separately from Hotel	X	X
Hood River	X		X
Nehalem	X		
Keizer	X		
Cannon Beach	X		X
West Linn		X for those which rent 3 or more rooms	
Roseburg	X		
Clackamas County	X		
Lebanon	X		
The Dalles	X		

St. Helens	X		
Sweet Home	X		
Lake Oswego	X		
Florence			X
Garibaldi			X
Hermiston			X
Sandy			X
Scappose			X
Springfield			X
The Dalles			X
Albany			X
Baker City			X
Coos Bay			X
Corvallis			X
Fairview			X

A Rooming and Lodging House is commonly defined as a private house in which rooms are rented for living or staying temporarily. The goal is to capture in the definition for Hotel all entities that rent space for transient occupancy regardless of whether the entity is formally called a Bed and Breakfast or not. For this reason, the current definition for Hotel should be amended to include Bed and Breakfast Entities, Rooming Houses and Lodging Houses.

**DELETING VAGUE TLT EXEMPTION:**

NMC 3.10.050 allows for specific exemptions where no TLT is imposed. These exemptions include: rentals for occupancy for more than 30 consecutive days NMC 3.10.050(A); rentals paid on a monthly basis irrespective of the number of days in a month NMC 3.10.050(B); rentals of \$10.00 per day or less NMC 3.10.050(C) and property owned by George Fox University. NMC 3.10.050(E)

Currently, NMC 3.10.050(D) exempts from paying TLT, any person who rents a private home, vacation cabin, or like facility from any owner who rents the facility incidentally to the owner’s own use. The term ‘incidentally’ does not define the length each rental period or number of days a year the rental is rented. With this exemption, TLT is not clearly applicable to non-traditional hotel/motel entities such as VRBOs (Vacation Rental by Owner).

Furthermore, individual rooms for rent within a private home are not explicitly covered in the definition of hotel. Therefore, TLT is not applied to any person who rents a room within an owner’s home for less than 30 days at a time without regard of how often the room is rented per year.

In order to apply TLT to these non-traditional entities, some cities and counties have placed limits on the TLT exemption of rentals that are incidental to the owner’s occupancy in two different ways. First, to be exempted from TLT, the rental may be rented for a limited number of rental days in a calendar year. The number of days permitted under an exemption from TLT range from 7 to less than 30 days per year. Second, the exemption applies to rentals that do not advertise as a rental.

*continued on next page*

City/County	Limit on Rental Days for Exemption from TLT	Not Advertised as Rental
Bend	Fewer than 30 days total per year	
Portland	Private/vacation home may only rent for 7 or less days in a calendar year	
Lincoln City	home, vacation cabin or like rented for a total of less than 15 days per year	Does not advertise for rent or list with agent as vacation rental
Medford	Lodging in a private residence rented for less than a total of 30 days per year	
Wilsonville	Private/vacation home or like rented for 7 days or less per year	
Central Point	Lodging in private residence rented less than 30 days per year	

The proposed amendment will deny exemption from the TLT to entities that advertise as rentals or with an agent. Further the proposed amendment will limit the number of days in a year that a rental may be rented to 15 days per year.

**FISCAL IMPACT:**

The exact fiscal impact is not known at this time. As the City moves forward to work with operators who are not currently paying the TLT, more information and additional revenue should be obtained. Also unknown at this time is whether or not the non-participating operators are paying the TLT through third-party intermediaries, such as Priceline, Orbitz, etc. The City does receive payments from these third-party intermediaries, but no detail is currently provided regarding which operators are using the services of the third-party intermediaries. The proposed code change will clear the way for City staff to begin reaching out to non-participating operators to educate and gain the required participation from all operators in the City. The chart below illustrates known operators within the City limits, both participating and non-participating.

**ATTACHMENTS:**

Ordinance 2016-2806  
Exhibit "A": Proposed Transient Lodging Tax Text Amendment

**CITY OF NEWBERG HOTEL/MOTEL/VACATION RENTALS**

<b>Hotel-Motel</b>	<b>Pays TLT</b>	<b>VRBO's</b>	<b>Pays TLT</b>	<b>VRBO's</b>	<b>Pays TLT</b>	<b>VRBO's</b>	<b>Pays TLT</b>
The Allison Inn & Spa	Y	University House of Newberg	Y	Chehalem Knoll	N	Debby Thomas	N
2525 Allison Lane		401 N Meridian Street		3035 Knoll Dr		733 S Garfield	
Newberg, Oregon 97132		Newberg, Oregon 97132		Newberg, Oregon 97132		Newberg, Oregon 97132	
Pierre Zreik		Leigh Wellikoff		David & Jane Campbell		Private Apartment	
503-554-2525		503-538-8438					
Best Western Newberg Inn	Y	The Dwelling Place	Y	The Downtowner Newberg	N	Wimsey Book Cellar	N
2211 Portland Road		1713 Villa Road		110 S College Street		1014 Charles Street	
Newberg, Oregon 97132		Newberg, Oregon 97132		Newberg, Oregon 97132		Newberg, Or 97132	
Champak Patel		Ruth Schrempp		Lori Petersen		Timothy & Sandra Olmstead	
503-516-4443		503-537-0217		503-502-5145			
Newberg Shilo Inn	Y	Lions Gate Inn	Y	Nondice's Inn (B & B)	N		
501 Sitka Avenue		401 N Howard Street		609 E. Columbia Street			
Newberg, Oregon 97132		Newberg, Oregon 97132		Newberg, Oregon 97132			
Mal Krisoff		LLP Properties LLC c		Nondice McFall			
503-783-5222		503-537-0217					
Town & Country Motel	Y	The Painted Lady-Cottage	Y	Anne Beals - vacation rental	N		
1864 Portland Road		205 College Street		1978 N Carol Avenue			
Newberg, Oregon 97132		Newberg, Oregon 97132		Newberg, Oregon 97132			
Champal Patel		Jessica Bagley		Upstairs Apt 1-room rental			
503-516-4443		503-538-3850					
Travelodge Suites	Y	Newberg Bungalow	Y	Pete & Krista Miller	N		
2816 Portland Road		214 N Washington Street		135 Lauren Court			
Newberg, Oregon 97132		Newberg, Oregon 97132		Newberg, Oregon 97132			
Chempel Patel		Life Style Properties		Upstairs - 3 room rental			
503-516-4443		971-832-3399					
		VaCasa Rentals/Moore Farmhouse	Y	Mary & Christopher Czarniecki	N		
		520 Wynooski Street		209 E 5th Street			
		Newberg, Oregon 97132		Newberg, OR 97132			
		VaCasa Rentals - 503-854-6856		Cozy room rental			



## ORDINANCE No. 2016-2806

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**AN ORDINANCE AMENDING THE NEWBERG MUNICIPAL CODE REGARDING THE TRANSIENT LODGING TAX HOTEL DEFINITION, CLARIFYING EXEMPTIONS, AND DECLARING AN EMERGENCY**

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### RECITALS:

#### THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

1. Effective July 1, 2016, the Transient Lodging Tax (TLT) increases to nine percent of the rent collected by the operator.
2. Newberg Municipal Code does not provide important exemptions to TLT that are allowed under State Law.
3. Newberg Municipal Code is vague as to how it applies to non-traditional rental entities.

#### THE CITY OF NEWBERG ORDAINS AS FOLLOWS:

1. The Council finds that amending the Newberg Municipal Code to clarify the exemptions to the Transient Lodging Tax is in the best interest of the City. The Council adopts the amendments to the Newberg Municipal Code as shown in Exhibit "A". Exhibit "A" is hereby adopted and by this reference incorporated.
2. This ordinance being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this ordinance shall be in full force and effect immediately upon passage by the council and signature of the mayor.

➤ **EFFECTIVE DATE** of this ordinance is the adoption date, which is: August 15, 2016.

**ADOPTED** by the City Council of the City of Newberg, Oregon, this 15th day of August, 2016, by the following votes: **AYE:**      **NAY:**      **ABSENT:**      **ABSTAIN:**

\_\_\_\_\_  
Sue Ryan, City Recorder

**ATTEST** by the Mayor this \_\_\_\_\_ day of August, 2016.

\_\_\_\_\_  
Bob Andrews, Mayor

Note: Existing text is shown in regular font.  
Added text is shown in double underline.  
Deleted text is shown in ~~strike through~~.

**Section 1.** Section 3.10.010 is amended to read as follows:

**3.10.010 Definitions.**

For the purpose of this chapter, the following definitions shall apply unless the context clearly indicates or requires a different meaning:

**"Agent"** ~~includes, but is not limited to, an on-line or internet based booking service (Craigslist, AirBnB, VRBO, HomeAway, FlipKey, VactionHomeRentals, Roomorama, as examples), a travel intermediary, or a person licensed by the Oregon Real Estate Agency.~~

**"City council"** means the city council of the City of Newberg, Oregon.

**"Hotel"** means any structure or portion of any structure which is occupied or intended or designed for transient occupancy for 30 days or less or dwelling, lodging, or sleeping purposes, and includes any hotel, inn, tourist home or house, motel, rooming house, lodging house, bed and breakfast, sleeping space in a private residence, accessory dwelling unit, apartment house, public or private dormitory, fraternity, sorority, public or private club, space in a mobile home or trailer park, or similar structure or portion of a structure so occupied, provided the occupancy is for less than a 30-day period.

**"Occupancy"** means the use or possession, or the right to use or possession, for lodging or sleeping purposes, of any room in a hotel, or space in a mobile home or trailer park, or portion of any room in a hotel, or space in a mobile home or trailer park.

**"Operator"** means the person who is proprietor of a hotel and motel in any capacity and, where the operator performs their functions through a managing agent other than an employee, the managing agent who shall have the same duties and liabilities as their principal. Compliance with the provisions of this chapter by either the principal or the managing agent shall be considered to be compliance by both.

**"Person"** means any individual, firm, partnership, joint venture, association, social club, fraternal organization, fraternity, sorority, public or private dormitory, joint stock company, corporation, estate, trust, business trust, receiver, trustee, syndicate, or any other group or combination acting as a unit.

**"Rent"** means the consideration charged, whether or not received by the operator, for the occupancy of space in a hotel, whether or not valued in money, without any deduction.

“**Rent package plan**” means the consideration charged for both food and rent where a single rate is made for the total for both. The amount applicable to rent for determination of the transient lodging tax under NMC [3.10.020](#) shall be the same charge made for rent when not a part of a package plan.

“**Tax administrator**” means the finance director or designee of the City of Newberg.

“**Transient**” means any individual who exercises occupancy or is entitled to occupancy in a hotel, motel, or other establishment that is not said individual’s legal residence.

**Section 2.** Section 3.10.050 is amended to read as follows:

**3.10.050 Exemptions.**

No tax may be imposed upon:

- A. Any occupancy for more than 30 successive calendar days;
- B. Any person who pays for lodging on a monthly basis, irrespective of the number of days in the month;
- C. Any occupant whose rent is of a value less than \$10.00 per day;
- D. Any person who rents a room, private home, vacation cabin, or like facility from any owner who rents the facility incidentally to the owner’s own use. Incidentally to an owners use means that the rental is rented for a total of less than 15 days per calendar year and the rental is not advertised for rent or listed with an Agent as a rental;
- E. Any exempt property owned and operated by George Fox University;
- F. Any occupancy in a hospital, health care facility, long term care facility or any other residential facility that is licensed, registered or certified by the Department of Human Services or the Oregon Health Authority;
- G. Any occupancy in a facility providing treatment for drug or alcohol abuse or providing mental health treatment;
- H. An occupancy, the consideration for which is funded through a contract with a government agency and the purpose of which is to provide emergency or temporary shelter.
- I. Any Federal Government employee traveling on official government business, who presents an official Government Exemption Certificate or official travel authorization.

# *REQUEST FOR COUNCIL ACTION*

**DATE ACTION REQUESTED: August 15, 2016**

<b>Order</b> ___	<b>Ordinance</b> ___	<b>Resolution</b> <u>XX</u>	<b>Motion</b> ___	<b>Information</b> ___
<b>No.</b>	<b>No.</b>	<b>No. 2016-3306</b>		

**SUBJECT: A resolution amending Policies and Procedures for Administration of the City of Newberg’s Affordable Housing Trust Fund**

**Contact Person (Preparer) for this Motion: Doug Rux  
Dept.: Community Development  
File No.:**

**RECOMMENDATION:**

Adopt Resolution No. 2016-3306, amending policies and procedures for administration of the City of Newberg’s Affordable Housing Trust Fund and repealing Resolution No. 2015-3211.

**EXECUTIVE SUMMARY:**

On March 12, 2012 the Newberg City Council passed Ordinance No. 2012-2749 amending the Newberg Municipal Code (NMC), adding a new section establishing a Newberg Affordable Housing Trust Fund. NMC 3.35.050 Establishment of Policies and Procedures outlines the administrative procedures associated with the Newberg Affordable Housing Trust Fund (NAHTF) are established per city resolution. On April 16, 2012 the Newberg City Council adopted Resolution No. 2012-2988 establishing policies and procedures for administration of the NAHTF. On June 15, 2015, the Newberg City Council repealed Resolution No. 2012-2988 and adopted Resolution No. 2015-3202 amending the Policies and Procedures for Administration of the NAHTF. On August 17, 2015 the Newberg City Council repealed Resolution No. 2012-3202 and adopted Resolution No. 2015-3211 amending the Policies and Procedures for Administration of the NAHTF.

The Newberg Affordable Housing Commission (NAHC) met on January 26, 2016 and discussed the opportunity to utilize funds from the Affordable Housing Trust Fund for a manufactured home rehabilitation and repair loan and grant program. Chair Stuart Brown explained that there are 600 affordable manufactured homes in the community and that there is a growing need for rehabilitation and repair of this affordable housing stock. The NAHC discussed the opportunity to collaborate with Newberg Area Habitat for Humanity to fund a program with Habitat for Humanity providing matching funds to those identified from the Newberg Affordable Housing Trust Fund (NAHTF). The concept discussed envisioned the program functioning like a micro loan or grant program.

The NAHC also discussed establishing a subcommittee to evaluate if a program could be created. The subcommittee would meet outside of the regular NAHC quarterly meetings. Items that would need to be discussed by the subcommittee include:

- 1) Funds available in the Affordable Housing Trust Fund.
- 2) Policies and Procedures for Administration of the Affordable Housing Trust Fund.
- 3) Evaluating if the program would be loans, grants or a combination of loans and grants.
- 4) The possible maximum amount of loans or grants.
- 5) Evaluating how matching funds from Newberg Area Habitat for Humanity could be blended into a program.
- 6) A process to market and make manufactured home owners aware of a rehabilitation and repair program.

7) Other items to be identified.

Activities of the subcommittee would be presented back to the NAHC. The NAHC would then provide a report to the City Council for consideration.

An informational report on the NAHC approach to a micro loan or grant program was presented to the City Council on March 7, 2016. The Affordable Housing Commission chose not to form a subcommittee, instead the full NAHC worked on developing the program approach. On July 26, 2016 the NAHC passed a motion to recommend changes to the Policies and Procedures for Administration of the Affordable Housing Trust Fund to establish a micro grant program for manufactured housing rehabilitation and repair. The vote was (3/0/2)

Resolution No. 2016-3306 incorporates the recommended amendments to Sections 3.5.g, 3.5.l, 5.5, 7, 7.2, 7.3, 7.3.a, 7.3.b and 7.4.a-e. The details of the proposed changes (in track changes format) are included as Attachment 1. (Note: In Attachment 1 additions are underlined and deletions are in strikethrough).

**FISCAL IMPACT:**

The proposed amendment will have an impact on the adopted FY 2016-2017 budget. There is an estimated \$64,261.75 available as a beginning fund balance in the Affordable Housing Trust Fund. Fund 14 line items 14-4130-602000 Housing Authority Loans has \$32,920 and 14-4130-603000 Trust Fund Housing Grants has \$1,700 budgeted. A supplemental budget will be necessary to move funds from Contingency 14-9180-800000 and 14-4130-602000 Housing Authority Loans to 14-4130-603000 Trust Fund Housing Grants to fund the program. The NAHC has identified having approximately \$13,000 budgeted in line item 14-4130-603000 Trust Fund Housing Grants.

**STRATEGIC ASSESSMENT (RELATE TO COUNCIL GOALS):**

The amendment to the Newberg Affordable Housing Trust Fund policies and procedures will assist in furthering Goal #7 – Manage and operate the City government in an efficient and effective manner and Objective 7.5 – Partner with other organizations to ensure systems for meeting the needs of the community’s underprivileged or disadvantaged.

**ATTACHMENTS:**

Resolution No. 2016-3306

1. Resolution 2016-3306 track changes version



## ***RESOLUTION No. 2016-3306***

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

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### **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. On August 17, 2015 the Newberg City Council repealed Resolution No. 2015-3202 and adopted Resolution No. 2015-3211 amending adopted Policies and Procedures for Administration of the Newberg Affordable Housing Trust Fund.
7. The Newberg Affordable Housing Commission (NAHC) met on January 26, 2016 and discussed the opportunity and began formulating the concept to utilize funds from the Affordable Housing Trust Fund for a manufactured home rehabilitation and repair loan and grant program.
8. An informational report on the NAHC approach to a micro loan or grant program for manufactured home rehabilitation and repair was presented to the City Council on March 7, 2016.
9. On April 26, 2016 the NAHC met to formulate an amendment. On July 26, 2016 the NAHC passed a motion to recommend changes to the Policies and Procedures for Administration of the Affordable Housing Trust Fund to establish a micro grant program for manufactured housing rehabilitation and repair.
10. 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.

11. 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 that can respond to changing market conditions.

**THE CITY OF NEWBERG RESOLVES AS FOLLOWS:**

1. Resolution No 2012-3211 is repealed.
2. Resolution No. 2016-3306 is adopted 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.
- 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 sustainability 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
- 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.

**3.5.1. Manufactured home rehabilitation and repair** 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

#### **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 60 percent of the NAHTF will be available for project loans and up to 25 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 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 four 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 1<sup>st</sup> 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 rehabilitation program. This program is intended to assist private property owners with rental rehabilitation projects or homeowners with 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.

Fourth, there is the manufactured home rehabilitation and repair grant program. This program is intended to grant NAHTF monies to local non-profit organizations to so they can rehabilitate and repair dwellings and make them safe and decent for rental or ownership by low or very low income families. 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 grant agreement with the city.

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 1<sup>st</sup> 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 or Grant 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 Rehabilitation Loan Program**

**7.3. a** Purpose

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

## **7.4 Manufactured Home Rehabilitation and Repair Grant Program**

### **7.4. a Purpose**

The purpose of the manufactured home rehabilitation and repair grant program is to grant NAHTF monies to individuals or local non-profit organizations to so they can rehabilitate and repair dwellings and make them safe and decent for rental or ownership to low or very low income families.

### **7.4. 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, or owned by low to very low income families according to income guidelines established by the Affordable Housing Commission. Preference will be given to units 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 matching funds according to guidelines established by the Affordable Housing Commission.
- (5) The applicant shall demonstrate that the rehabilitation and repair could not be accomplished using conventional loan programs.

**7.4. c Project Match.** Applicant must demonstrate and commit sufficient matching funds to secure the grant. Matching funds shall be based on a minimum one-third of the project costs, unless otherwise recommended by the NAHC and approved by the City Council. The maximum NAHTF grant amount is 50% of the project cost.

### **7.4. d. Grant Terms**

- (1) Grants are available in amounts ranging between \$200.00 and \$1,000.00.
- (2) Grants may be for multiple projects under the manufactured home rehabilitation and repair program. Grants are available up to \$10,000.00 for multiple projects. This amount may be increased up to \$12,000.00 if the need for repairs is justified, if the Newberg Affordable Housing Commission recommends the City Council increase the grant amount, and if adequate matching funds are established.
- (3) The applicant shall enter into an agreement guaranteeing the manufactured homes will only be occupied by families or individuals meeting the income guidelines for the grant for five years.

### **7.4. e. Process**

- (1) 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.
- (2) 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.

- (3) The Newberg Affordable Housing Commission will develop an award recommendation to the city council using the NAHTF eligibility criteria to determine which projects best meet the city's spending priorities. Each application will be rated on a numeric scale as established in criterion of selection (Section 8).
- (4) The Newberg city council shall make a final decision on the award of Newberg Affordable Housing Trust Funds.
- (5) The City of Newberg shall prepare an agreement between the city and the grant 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.
- (6) An award granted to an applicant may be rescinded by the city if the applicant does not initiate the activities identified in grant request.
- (7) The applicant shall complete all rehabilitation and repairs within one year of grant 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: August 16, 2016.

**ADOPTED** by the City Council of the City of Newberg, Oregon, this 15<sup>th</sup> day of August, 2016.

\_\_\_\_\_  
Sue Ryan, City Recorder

**ATTEST** by the Mayor this \_\_\_\_\_ day of August, 2016.

\_\_\_\_\_  
Bob Andrews, Mayor

## ATTACHMENT 1

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### THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

1. Resolution No. 2012-3211 is repealed.
2. Resolution No. 2016-3306 is adopted as follows:

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#### **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.
- 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 sustainability 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.

**3.5.l. Manufactured home rehabilitation and repair as part of an established program to secure units as affordable or to provide direct benefits to existing very low to moderate income households.**

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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

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#### **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 6080 percent of the NAHTF will be available for project loans and up to 255 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 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

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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.

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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 ~~four~~<sup>three</sup> 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 1<sup>st</sup> of the year.

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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~~<sup>or homeowners with rehabilitation projects</sup> rehabilitation program. This program is intended to assist private property owners with rental rehabilitation projects or homeowners with 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.

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Fourth, there is the manufactured home rehabilitation and repair grant program. This program is intended to grant NAHTF monies to local non-profit organizations to so they can rehabilitate and repair dwellings and make them safe and decent for rental or ownership by low or very low income families. 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 grant agreement with the city.

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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 1<sup>st</sup> 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, or Grant Program**

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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.

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**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 or homeowners so they can rehabilitate dwellings and make them safe and decent for rental or ownership by low or very low income families.

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**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, or owned by low to very low income families 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.

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**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.

**7.4 Manufactured Home Rehabilitation and Repair Grant Program**

**7.4.a Purpose**

The purpose of the manufactured home rehabilitation and repair grant program is to grant NAHTF monies to individuals or local non-profit organizations to so they can rehabilitate and repair dwellings and make them safe and decent for rental or ownership to low or very low income families.

**7.4.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, or owned by low to very low income families according to income guidelines established by the Affordable Housing Commission. Preference will be given to units 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 matching funds according to guidelines established by the Affordable Housing Commission.
- (5) The applicant shall demonstrate that the rehabilitation and repair could not be accomplished using conventional loan programs.

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7.4.c Project Match. Applicant must demonstrate and commit sufficient matching funds to secure the grant. Matching funds shall be based on a minimum one-third of the project costs, unless otherwise recommended by the NAHC and approved by the City Council. The maximum NAHTF grant amount is 50% of the project cost.

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7.4.d. Grant Terms

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- (1) Grants are available in amounts ranging between \$200.00 and \$1,000.00.
- (2) Grants may be for multiple projects under the manufactured home rehabilitation and repair program. Grants are available up to \$10,000.00 for multiple projects. This amount may be increased up to \$12,000.00 if the need for repairs is justified, if the Newberg Affordable Housing Commission recommends the City Council increase the grant amount, and if adequate matching funds are established.
- (3) The applicant shall enter into an agreement guaranteeing the manufactured homes will only be occupied by families or individuals meeting the income guidelines for the grant for five years.

7.4.e. Process

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- (1) 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.
- (2) 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.
- (3) The Newberg Affordable Housing Commission will develop an award recommendation to the city council using the NAHTF eligibility criteria to determine which projects best meet the city's spending priorities. Each application will be rated on a numeric scale as established in criterion of selection (Section 8).
- (4) The Newberg city council shall make a final decision on the award of Newberg Affordable Housing Trust Funds.
- (5) The City of Newberg shall prepare an agreement between the city and the grant 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.
- (6) An award granted to an applicant may be rescinded by the city if the applicant does not initiate the activities identified in grant request.
- (7) The applicant shall complete all rehabilitation and repairs within one year of grant award.

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**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: August 16, 2016.

**ADOPTED** by the City Council of the City of Newberg, Oregon, this 15<sup>th</sup> day of August, 2016.

\_\_\_\_\_  
Sue Ryan, City Recorder

**ATTEST** by the Mayor this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Bob Andrews, Mayor

# REQUEST FOR COUNCIL ACTION

**DATE ACTION REQUESTED: August 15, 2016**

<b>Order</b> ___	<b>Ordinance</b> ___	<b>Resolution</b> <u>XX</u>	<b>Motion</b> ___	<b>Information</b> ___
<b>No.</b>	<b>No.</b>	<b>No. 2016-3327</b>		

**SUBJECT: Resolution approving an Intergovernmental Agreement between the City of Newberg and Mid-Willamette Valley Council of Governments for Economic Development Revolving Loan Fund services.**

**Contact Person (Preparer) for this Motion: Doug Rux, Director  
Dept.: Community Development  
File No.:**

**RECOMMENDATION:**

Adopt Resolution No. 2016-3327 authoring the City Manager to execute an Intergovernmental Agreement with the Mid-Willamette Valley Council of Governments for Economic Development Revolving Loan Fund services.

**EXECUTIVE SUMMARY:**

The City of Newberg created the Economic Development Revolving Loan Fund program by Resolution No. 1984-1109. The Economic Development Revolving Loan Fund went through a major revision in 1988 by approval of Resolution No. 1988-356. Oregon Revised Statutes, Chapter 190 allows units of governments to enter into agreements for services. The City of Newberg initially entered into an Intergovernmental Agreement with the Mid-Willamette Valley Council of Governments in 1995 to provide services for the City’s Economic Development Revolving Loan Fund.

Annually the Mid-Willamette Valley Council of Governments forwards to the City an Intergovernmental Agreement to cover the current fiscal year for providing the services. The compensation for the services is as follows:

Loan packaging and Loan Closing – Fee basis at rate of 1.5% of the loan amount for a complete loan package with a minimum fee amount of \$600.00.

Loan Servicing and Reporting is a flat monthly fee of \$150.00.

Special Technical Assistance and Collections Assistance the rate is \$87.00 hour for the Loan Officer and the Loan Documentation and Servicing Specialist rate of \$50.00 hour.

The term of the Intergovernmental Agreement is July 1, 2016 through June 30, 2017.

The City currently has two loans outstanding for Ruddick-Wood and Newberg Bakery. Both of these loans are current in payments. A loan to Bonaventura was settled in FY 15/16 and has been paid off. The Mid-Willamette Valley Council of Governments does the loan servicing on the two outstanding loans. No loan applications were submitted during FY 15/16.

**FISCAL IMPACT:**

Funds for FY 2016-2017 have been budgeted in Fund 14, Professional Services, line item 14-4120-580000 for Economic Development Revolving Loan Fund services with the Mid-Willamette Valley Council of Governments.

**STRATEGIC ASSESSMENT (RELATE TO COUNCIL GOALS):**

The Intergovernmental Agreement furthers City Council Goal #4 – Foster and encourage economic development in the community.



## ***RESOLUTION No. 2016-3327***

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**A RESOLUTION APPROVING AN INTERGOVERNMENTAL AGREEMENT  
BETWEEN THE CITY OF NEWBERG AND MID-WILLAMETTE VALLEY  
COUNCIL OF GOVERNMENTS FOR ECONOMIC DEVELOPMENT  
REVOLVING LOAN FUND SERVICES.**

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### **RECITALS:**

1. The City of Newberg created the Economic Development Revolving Loan Fund program by Resolution No. 1984-1109.
2. The Economic Development Revolving Loan Fund went through a major revision in 1988 by approval of Resolution No. 1988-356.
3. Oregon Revised Statutes, Chapter 190 allows units of governments to enter into agreements for services. The City of Newberg initially entered into an Intergovernmental Agreement with the Mid-Willamette Valley Council of Governments in 1995 to provide services for the City's Economic Development Revolving Loan Fund.
4. The City of Newberg is a member of the Mid-Willamette Valley Council of Governments.

### **THE CITY OF NEWBERG RESOLVES AS FOLLOWS:**

1. The City Manager is authorized to execute the Intergovernmental Agreement between the City of Newberg and the Mid-Willamette Valley Council of Governments in the form substantially in conformance with Exhibit A.
2. Exhibit "A" is hereby attached and by this reference incorporated.

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: August 16, 2016.

**ADOPTED** by the City Council of the City of Newberg, Oregon, this 15<sup>th</sup> day of August, 2016.

\_\_\_\_\_  
Sue Ryan, City Recorder

**ATTEST** by the Mayor this \_\_\_\_\_ day of August, 2016.

\_\_\_\_\_  
Bob Andrews, Mayor

**AGREEMENT**

Between

**MID WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS**

and

**CITY OF NEWBERG****RECITALS:**

1. The **Mid-Willamette Valley Council of Governments (COG)** and the **City of Newberg, Oregon**, a municipal corporation, (**CITY**) have long had interests in common; and
2. The **CITY** is a member of the **COG**; and
3. The **CITY** desires assistance with various aspects of the operation of its business development loan fund and the **COG** provides such services for its member governments; and
4. The **CITY** has authority to enter into intergovernmental agreements for cooperation between units of local government in accordance with Oregon Revised Statutes Chapter 190.

In consideration of the mutual benefits and obligations set out herein, the parties agree as follows:

**1. DESCRIPTION OF WORK TO BE PERFORMED BY COG**

The **COG** shall provide the following services for the **CITY'S** Economic Development Revolving Loan Program:

- A. Loan Packaging.
- B. Loan Closing.
- C. Loan Servicing.
- D. Reporting.
- E. Special Technical Assistance and Loan Collection work, including training of **CITY** staff as required.

**2. COMPENSATION**

- A. For services described under 1.A and 1.B above (Loan Packaging and Loan Closing), the **COG** will be compensated on a fee basis at the rate of 1.5% of the loan amount for any complete loan package prepared by **COG** staff and submitted to the **CITY** for final disposition. The fee shall be due at the time the loan is closed. The minimum fee for such loans shall be **\$600**. The **CITY** shall reserve the right to provide all of the loan packaging services based on the City Manager's evaluation of staff capabilities and the needs of the **CITY**. The **CITY** shall provide **COG** with notice that the **CITY** intends to provide loan-packaging services.
- B. For services described under 1.C and 1.D above (Loan Servicing and Reporting), the **COG** will be compensated at a flat monthly rate of \$150. These services include monitoring and verifying the provisions of all loan agreements, maintaining current documentation of insurance and tax payments, collecting and reviewing financial statements from each borrower on at least an annual basis and preparing an annual loan activity report to the **CITY**.

C. Services described under 1.E above (Special Technical Assistance and Loan Collections Assistance Activities) will be provided as requested by CITY. The COG will be compensated at the Loan Officer hourly rate of \$87.00 and the Loan Documentation and Servicing Specialist hourly rate of \$50.00. This rate includes salary and all overhead costs, including travel.

**3. TRAVEL**

COG shall bear the cost of staff travel and incidental expenses and these costs are included as part of the fees stipulated in this Agreement.

**4. TERMS AND TERMINATION**

This Agreement shall be effective on *July 1, 2016* and continue until *June 30, 2017* or until such time as either party provides sixty (60) days written notice of its intent to terminate the Agreement, and then the Agreement shall terminate on the 60<sup>th</sup> day following said notice.

**5. AMENDMENTS**

This Agreement may be amended by mutual agreement of CITY and COG. Any amendments shall be in writing and signed by duly authorized representatives of both parties.

**IN WITNESS WHEREOF**, the above parties have caused this Agreement to be signed in their respective names by their duly authorized representatives.

**MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS**

By: \_\_\_\_\_  
Jennie Messmer, Executive Director

Date: \_\_\_\_\_

**CITY OF NEWBERG**

**Signed by the City Manager pursuant to his authority as the administrator of the Economic Development Revolving Loan Fund.**

By: \_\_\_\_\_  
Joe Hannan, City Manager

Date: \_\_\_\_\_

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Truman Stone, City Attorney

Date: \_\_\_\_\_

# REQUEST FOR COUNCIL ACTION

**DATE ACTION REQUESTED: August 15, 2016**

<b>Order</b> ___	<b>Ordinance</b> ___	<b>Resolution</b> <u>XX</u>	<b>Motion</b> ___	<b>Information</b> ___
<b>No.</b>	<b>No.</b>	<b>No. 2016-3328</b>		

**SUBJECT: A Resolution approving an Intergovernmental Agreement between the City of Newberg and Mid-Willamette Valley Council of Governments for Affordable Housing Trust Fund services.**

**Contact Person (Preparer) for this Motion: Doug Rux, Director  
Dept.: Community Development  
File No.:**

**RECOMMENDATION:**

Adopt Resolution No. 2016-3328 authorizing the City Manager to execute an Intergovernmental Agreement with the Mid-Willamette Valley Council of Governments for Affordable Housing Trust Fund services.

**EXECUTIVE SUMMARY:**

Oregon Revised Statutes, Chapter 90 allows units of governments to enter into agreements for services. The City of Newberg entered into a Professional Service Agreement (Intergovernmental Agreement) with the Mid-Willamette Valley Council of Governments in May 7, 2016 to provide services for the City’s Affordable Housing Trust Fund through Resolution No. 2015-3187. Annually the Mid-Willamette Valley Council of Governments forwards to the City an Intergovernmental Agreement to cover the current fiscal year for providing the services. The compensation for the services are as follows:

Assist the City with solicitation for one loan application – Not to exceed \$500.

Staffing assistance at Newberg Affordable Housing Commission meetings – Not to exceed \$2,500.

Technical assistance to applicants and Loan Collection, Loan Packaging, Loan Closing, Loan Servicing, Reporting, the rate is \$87.00 hour for the Loan Officer, and Loan Documentation and Servicing Specialist. For Technical Assistance Loan Program Manager the rate is \$93.00 hour.

The term of the Intergovernmental Agreement is from the date signed through June 30, 2017.

The services above will be provided on an as-needed basis.

**FISCAL IMPACT:**

Funds for FY 2016-2017 have been budgeted in Fund 14, Professional Services, line item 14-4120-580000 for Affordable Housing Trust Fund services with the Mid-Willamette Valley Council of Governments.

**STRATEGIC ASSESSMENT (RELATE TO COUNCIL GOALS):**

The Intergovernmental Agreement furthers Goal #7 - Manage and Operate the City Government in an efficient and effective manner, Objective 7.5 - Partner with other organizations to ensure systems for

meeting the needs of the community's underprivileged or disadvantaged citizens



## **RESOLUTION No. 2016-3328**

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**A RESOLUTION APPROVING AN INTERGOVERNMENTAL AGREEMENT  
BETWEEN THE CITY OF NEWBERG AND MID-WILLAMETTE VALLEY  
COUNCIL OF GOVERNMENTS FOR AFFORDABLE HOUSING TRUST  
FUND SERVICES**

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### **RECITALS:**

1. In March 2012, the City Council adopted Ordinance No. 2012-2749 establishing the Newberg Affordable Housing Trust Fund (NAHTF), and in April 2012, the City Council adopted Resolution No. 2012-2988 establishing Policies and Procedures for Administration of the NAHTF. The purpose of the NAHTF is to support the development, preservation, and rehabilitation of housing that is affordable to citizens of Newberg with incomes below the area median income.
2. Resolution No. 2012-2988 specified three distinct funding programs within the NAHTF: the competitive awards program, which can be either grants or loans; the time sensitive loan program; and the rental rehabilitation loan program.
3. The Policies and Procedures for Administration of the NAHTF have been amended twice by Resolution No. 2015-3202 and Resolution No. 2015-3211.
4. The City Council on May 7, 2015, entered into a Professional Services Agreement (Intergovernmental Agreement) with the Mid-Willamette Valley Council of Governments for administration of the Newberg Affordable Housing Trust Fund, for a not to exceed amount of \$5,000.00 through June 30, 2016.
5. The City of Newberg and the Mid-Willamette Valley Council of Governments desire to enter into an Intergovernmental Agreement for FY 2016-2017 for assisting Newberg in administering the Newberg Affordable Housing Trust Fund competitive awards loans or grants, time sensitive loan and rental rehabilitation loan programs.

### **THE CITY OF NEWBERG RESOLVES AS FOLLOWS:**

1. The City Manager is authorized to execute the Intergovernmental Agreement between the City of Newberg and the Mid-Willamette Valley Council of Governments in the form substantially in conformance with Exhibit "A".
2. Exhibit "A" is hereby attached and by this reference incorporated.

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: August 16, 2016.

**ADOPTED** by the City Council of the City of Newberg, Oregon, this 15<sup>th</sup> day of August, 2016.

\_\_\_\_\_  
Sue Ryan, City Recorder

**ATTEST** by the Mayor this \_\_\_\_\_ day of August, 2016.

\_\_\_\_\_  
Bob Andrews, Mayor

**AGREEMENT****Between****MID WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS****and****CITY OF NEWBERG****RECITALS:**

1. The **Mid-Willamette Valley Council of Governments (COG)** and the **City of Newberg, Oregon**, a municipal corporation, (**CITY**) have long had interests in common; and
2. The **CITY** is a member of the **COG**; and
3. The **CITY** desires assistance with various aspects of the operation of its Affordable Housing Trust loan and grant fund and the **COG** provides such services for its member governments; and
4. The **CITY** has authority to enter into intergovernmental agreements for cooperation between units of local government in accordance with Oregon Revised Statutes Chapter 190.

In consideration of the mutual benefits and obligations set out herein, the parties agree as follows:

**1. DESCRIPTION OF WORK TO BE PERFORMED BY COG**

The **COG** shall provide the following services for the **CITY'S** Affordable Housing Trust Fund:

- A. Assist **CITY** through one loan application/solicitation no later than June 30, 2017 for Affordable Housing Trust Fund Program. Based upon feedback from the initial solicitation, assist NAHC in the development of updated process and forms (including creation of application forms for clients; creation of RFQ documents and solicitations related to yearly award process; creation of informational materials and brochures regarding the three (3) programs no later than December 30, 2016; and.
- B. Staff the Newberg Affordable Housing Commission (NAHC) quarterly meetings (from July 1, 2016 to June 30, 2017 on an as requested basis).
- C. Loan Packaging. Packaging and balancing.
- D. Loan Closing.
- E. Loan Servicing.
- F. Reporting.
- G. Special Technical Assistance, including training of **CITY** staff, as required.

**2. COMPENSATION**

- A. For Task 1.A. above, to be completed by June 30, 2017, the **COG** will be compensated at a not-to-exceed amount of \$500 at the rates identified in Exhibit A.

B. For Task I.B. above, to be completed by June 30, 2017, the COG will be compensated at a not-to-exceed amount of \$2,500 at the rates identified in Exhibit A.

C. For all activities described in I.C. through I.G. above, to be completed by June 30, 2017, the COG will be compensated monthly based on the cost of services pursuant to the fees identified as Exhibit A.

**3. TRAVEL**

COG shall bear the cost of staff travel and incidental expenses and these costs are included as part of the fees stipulated in this Agreement.

**4. TERMS AND TERMINATION**

This Agreement shall be effective on the date it is signed by the CITY and continue until June 30, 2017 or until such time as either party provides sixty (60) days written notice of its intent to terminate the Agreement, and then the Agreement shall terminate on the 60<sup>th</sup> day following said notice.

**5. AMENDMENTS**

This Agreement may be amended by mutual agreement of CITY and COG. Any amendments shall be in writing and signed by duly authorized representatives of both parties.

**IN WITNESS WHEREOF**, the above parties have caused this Agreement to be signed in their respective names by their duly authorized representatives.

**MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS**

By: \_\_\_\_\_  
Jennie Messmer, Executive Director

Date: \_\_\_\_\_

**CITY OF NEWBERG**

**Signed by the City Manager pursuant to his/her authority as the administrator of the Economic Development Revolving Loan Fund.**

By: \_\_\_\_\_

Date: \_\_\_\_\_

**APPROVED AS TO FORM:**

By: \_\_\_\_\_

Date: \_\_\_\_\_

**Resolution  
2016-3328  
EXHIBIT A  
Compensation  
Details**

1. **Technical assistance to potential applicants and loan collection assistance activities** when requested by **CITY** staff shall be compensated at the professional Loan Officer hourly rate of \$87.00 and the Loan Documentation and Servicing Specialist hourly rate of \$50.00 (which includes salary and all overhead costs including travel).
  
2. **Loan packaging and closing activities** shall be compensated at the professional Loan Officer hourly rate of \$87.00 and the Loan Documentation and Servicing Specialist hourly rate of \$50.00 (which includes salary and all overhead costs including travel)
  
3. **Loan servicing and reporting activities**, which include monitoring and verifying the provisions of all loan agreements, maintaining current documentation of insurance and tax payments, collecting and reviewing financial statements from each borrower on at least an annual basis, and preparing and annual loan program activity report to the **CITY, COG** shall be compensated at the professional Loan Officer hourly rate of \$87.00 and the Loan Documentation and Servicing Specialist hourly rate of \$50.00 (which includes salary and all overhead costs including travel)
  
4. **Technical Assistance activities to CITY staff**, which includes drafting application forms for clients, drafting and processing RFQ/solicitations related to potential awards, development of informational materials and brochures and staffing of the Newberg Affordable Housing Commission (NAHC), and other technical assistance as requested by the **CITY, COG** shall be compensated at the Loan Program Manager hourly rate of \$93.00 (which includes salary and all overhead costs including travel).