

*Release Date: January 11, 2024*

## **Notice of Funding Availability Construction Excise Tax Fund Fiscal Year 2023 - 2024**

This Notice of Funding Availability (NOFA) is directed to organizations (non-profit and for-profit) and individuals that provide affordable housing and/or related services within the City of Newberg. The goal of this NOFA is to inform the intended audience of the availability of funds for activities that will assist with the creation/acquisition of new affordable housing or the assistance of programs that help lower income individuals and families to continue renting, prevent foreclosure, or buy housing.

### **Funding Availability**

Funding of up to \$397,050 is available for the fiscal year 2023-24 ending June 30, 2024, as well as fiscal year 2024-25 ending June 30, 2025. For this funding cycle, the Newberg Affordable Housing Commission will consider awarding available funds towards developer incentives and affordable housing programs.

### **Deadlines:**

Applications will be initially reviewed by the Affordable Housing Commission (AHC). The AHC will then recommend applications and their amount of funding to the City Council. The AHC meets quarterly, and deadlines are based on the upcoming AHC meetings for 2024:

<b>CET Fund Application Deadline</b>	<b>Affordable Housing Commission Meeting</b>
April 4, 2024	April 23, 2024

### **What is the Construction Excise Tax (CET) Fund?**

The City of Newberg adopted by [ordinance](#) a Construction Excise Tax (CET) in December 2020. Senate Bill 1533 from the 2016 Oregon Legislative session is the enabling legislation that allows local jurisdictions to implement a Construction Excise Tax. Revenues generated from a tax, 1% on the project building permit value, would be used to address housing affordability issues for homeowners or renters within Newberg for families that earn 80% or less of the median family income.

The City of Newberg defines affordable housing as residential housing primarily for households or persons earning less than 80% of the median family income (MFI) and where housing and/or

rental costs do not constitute more than 30% of a household's income. MFI shall be established by the most current U.S. Department of Housing and Urban Development Department data for Yamhill County, Oregon as determined by the Community Development Director in the year of application submission.

\*For 2023, the Median Family Income for the City of Newberg was \$114,400.

### **Who can access funding from the CET Fund?**

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

### **What types of projects qualify for funding under the CET?**

The funds received through the CET can be used in a variety of ways, with some limitations, and for projects that address housing affordability issues for homeowners or renters within Newberg for households that earn 80% or less of the median family income (MFI). The ordinance also states that any affordable housing that receives CET funds ***must remain affordable (80% or below MFI) for a period of at least 60 years following the date of construction.***

The state legislation limits the funding towards two categories:

- Developer incentives
- Affordable housing programs

Per ORS 197.309(5)(c) and (d) and 197.309(7), developer incentives allowed or offered include, but are not limited to:

- System development; and
- Land acquisition; and
- Local public improvements required by municipal governments.

Per Section 9, Chapter 59, Oregon Laws 2016, affordable housing programs include, but are not limited to:

- Rent buy-downs and subsidies; and
- Down-payment assistance; and

- Foreclosure-prevention assistance.

Examples of development proposals that could use CET funds based on the limitations above:

- Funds to pay the System Development Charges (SDCs) for a multi-family affordable housing project.
- Funds to pay for certain amount of land acquisition of a parcel that a non-profit is buying for permanently affordable homeownership options.
- Funds towards the cost of street frontage improvements for a subsidized affordable housing project for seniors.
- Funds provided for a local organization's rental assistance program.

### **Competitive Selection Criteria - Minimum Threshold and Scored Criteria:**

Minimum threshold and additional scored criteria are located in Attachment A of the CET Fund application.

A project may receive additional points towards being awarded CET Funds if it meets some of the additional scored criteria. A few examples are:

- The project provides deeply affordable housing for households earning less than 50% of the median family income. *(Up to 10 points could be awarded)*
- Project concepts and designs showing close proximity to schools, parks, commercial areas, public transportation, services and jobs, and demonstration of cost-effective sustainability and energy-efficiency measures. *(Up to 10 points could be awarded)*
- The project maximizes partnerships in the community (volunteers, in-kind contributions, cash contributions, multiple organization involved, etc.) and demonstrates alliance building that directly benefits community members in need, such as helping build household wealth. *(Up to 5 points could be awarded)*

***Up to 70 points can be awarded to a project. The higher the points awarded, the more likely they are to be recommended for funding by the Affordable Housing Commission to City Council.***

### **How does one apply for funding under CET Fund?**

The application form for funding under the CET Fund can be found at <https://www.newbergoregon.gov/planning/page/construction-excise-tax> or may be picked up at the Newberg City Hall at 414 E First Street.

### **Who do I contact with questions about the CET Fund?**

For questions about the CET Fund, please contact Leanne Wagener at 503-849-9774 or at [Leanne.Wagener@newbergoregon.gov](mailto:Leanne.Wagener@newbergoregon.gov), P.O. Box 970 Newberg, OR 97132

### **DEFINITIONS:**

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

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

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