

## Tillamook County Housing Commission Meeting

Thursday, June 2, 2022  
 9:00 am - 11:00 am  
 In-Person and Virtual

### Meeting Agenda

Topic	Presenter	Time
Welcome & Introductions	Kris Lachenmeier	10 minutes
Mission Minute	Kris Lachenmeier	10 minutes
Final Grant Fund Framework	T.J. Fiorelli	30 minutes
Outreach Committee Strategy Priorities	Gale Ousele	25 minutes
Vacancies and Committee Appointments	T.J. Fiorelli	10 minutes
BOCC Update	Commissioner Erin Skaar	5 minutes
Outreach Committee Update	Gale Ousele	5 minutes
Development Code Committee Update	Gale Ousele	5 minutes
Finance Committee update	Melissa Carlson-Swanson	5 minutes
Legislative Committee Update	Kari Fleisher	5 minutes
Executive Committee Update	T.J. Fiorelli/Kris Lachenmeier	5 minutes
Public Comment	Kris Lachenmeier	5 minutes
		<b>120 minutes</b>

### In-Person Attendance

Port of Tillamook Bay - 4000 Blimp Blvd, Tillamook, OR - Bldg. 19 - Main Conference Room

### Virtual Meeting Link

Microsoft Teams is utilized for virtual attendance at Housing Commission Meetings.

Call in: 1-971-254-3149, Conference ID: 887 242 77#

To access meeting packets and prior minutes, please visit: <https://www.co.tillamook.or.us/bc-hc>

## Housing Commission Fund Framework

The purpose of this document is to define the process to review, score, and assess applications for awards from the Housing Commission Fund to support affordable and workforce housing development in Tillamook County.

### Eligibility

Any entity is eligible to apply for funding, including nonprofits, private companies, individuals, public agencies, and local governments. All entities must submit a pro forma that reflects all known revenues and expenses at the current [stage of development](#).

### Award Types and Limits

Awards may be issued as grants or loans, the latter of which must be repaid under terms to be defined in final negotiations with the County. Award amounts are limited by the total funding available. The Housing Commission can recommend – and the Board of County Commissioners may decide – funds be distributed for less than the amount requested.

### Process

The following application, review, and award process will occur as follows:

1. The Fund cycle will be on a **quarterly** basis, [depending on funding availability](#).
2. Applications will be made available on the Tillamook County website in Week 1 of each quarter and must be submitted to the Department of Community Development by Week 8.
3. Completed applications will be verified by DCD Staff and scheduled for review by Finance Committee.
4. The Finance Committee will conduct an initial review of each application on a rolling basis and assign a quantitative score based on the defined criteria.
5. Following the close of the application period in Week 8, each applicant will be scheduled to present their project to the full Housing Commission.

6. In Week 9, the Housing Coordinator will provide Housing Commissioners with all quantitative scores from the initial Finance Committee review.
7. In Week 13, each applicant will be scheduled for a five-minute present and given additional time to respond to Commissioners' questions.
8. After each presentation, Housing Commissioners will individually assign a score of up to 5 points across several [qualitative criteria](#) along with a recommendation to grant all or a portion of the amount requested. Commissioners' qualitative scores will be averaged across categories and added to the quantitative score assigned by the Finance Committee.
9. The final scores and recommendations will then be forwarded to the Board of County Commissioners for deliberation.
10. After final award selections are made by the Board of County Commissioners, each project applicant will enter a negotiation phase to define the terms and conditions of the award in a legally binding Community Benefits Agreement (CBA).
11. Recipients will be required to submit an affidavit every year confirming continued compliance with the terms and conditions agreed to in the CBA.

## Terms and Conditions

Strong accountability and transparency measures are provided for developers that apply for and receive public subsidies. These include disclosure requirements, community benefit agreements, annual community impact reports, clawback provisions, and other penalties for noncompliance. Such measures are created in lieu of deed restrictions or restrictive covenants with the intent to streamline efficiency and eliminate unintended legal consequences.

Deed restrictions and restrictive covenants may significantly impact the market value of real estate investments and can involve multiple parties and their solicitors if lenders are involved in the transaction. Community Benefits Agreements (CBAs) and their clawback provisions give the local government the power to enforce the community benefits terms using financial incentives and disincentives.

## Disclosure Requirements

All applicants must provide the Finance Committee with a pro forma showing pre-development, soft, and hard cost estimates, as well as the projected rate of return the project is expected to generate based on the sales price or rental income.

## Community Benefits Agreement (CBA)

All successful applicants are required to enter into a legally binding Community Benefits Agreement (CBA) that defines the terms and conditions of receiving the subsidy, including the [number of units](#) to be developed, [investment efficiency](#) of the requested subsidy, and [affordability commitment](#).

## Annual Community Impact Reports

All awardees are required to submit an annual community impact report confirming that the terms and conditions of the CBA were met for the year prior.

## Clawback Provision

Non-compliance with the terms and conditions set forth in the CBA will subject the awardee to a clawback provision for the remaining portion of funds amortized over the affordability commitment term.

## Penalties for Noncompliance

A penalty for non-compliance equaling 10% of the clawback will be charged for each remaining year in the affordability commitment term. The intent is to structure the penalty such that it exceeds the cost of money for market-rate financial products.

*(Example: A developer awarded a \$100,000 grant for a 10-unit project with units renting at 51%-80% AMI breaches the terms of the CBA 10 years into a 20-year affordability commitment term. The developer is charged a clawback of \$50,000 plus \$5,000 for each of the 10 years remaining, totaling \$100,000.)*

## Draft Timeline

### Quarter 1 (July 1<sup>st</sup> to September 30<sup>th</sup>)

- Week 1: Application Opens: July 1<sup>st</sup>
- Week 4: Q4 awards announced in media; public reminder of the currently open round
- Week 8: Application Closes August 26<sup>th</sup>
- Week 9: Full Housing Commission receives Finance Committee quantitative reviews
- Week 13: All applicants present; Housing Commission assigns qualitative scores

#### Quarter 2 (October 1st to December 31st) depending on funding availability

- Week 1: Opens October 1st
- Week 4: Q2 awards announced in media; public reminder of the currently open round
- Week 8: Closes November 26th
- Week 9: Full Housing Commission receives Finance Committee quantitative reviews
- Week 13: All applicants present; Housing Commission assigns qualitative scores

#### Quarter 3 (January 1st to March 31st) depending on funding availability

- Week 1: Opens January 1st
- Week 4: Q3 awards announced in media; public reminder of the currently open round.
- Week 8: Closes February 26th
- Week 9: Full Housing Commission receives Finance Committee quantitative reviews
- Week 13: All applicants present; Housing Commission assigns qualitative scores

#### Quarter 4 (April 1st to June 30th) depending on funding availability

- Week 1: Opens April 1st
- Week 4: Q4 awards announced in media; public reminder of the currently open round.
- Week 8: Closes May 26th
- Week 9: Full Housing Commission receives Finance Committee quantitative reviews
- Week 13: All applicants present; Housing Commission assigns qualitative scores

### Criteria

Point values for each category may be adjusted by the Finance Committee in consultation with the full Housing Commission before applications open each cycle to target shifting priorities in the mix of housing types.

#### Award Type – up to 10 points

**Justification:** *The fund goes further when loans are given, versus grants. Further, obtaining additional funding to bridge a gap demonstrates the project meets the eligibility requirements of a*

*third-party. The points allocated for this category are the product of (1) the type of award requested and (2) the additional funding sources obtained.*

**Function:** (Award Requested) x (Other Gap Sources)

➤ Award Requested

- Grant = 1 point
- Loan = 2 points

➤ Other Gap Sources

- Non-government funds totaling less than 100% of fund request = 1 points
- Non-government funds totaling more than 100% of fund request = 2 points
- Government incentives totaling less than 100% of fund request = 3 points
- Government incentives totaling more than 100% of fund request = 4 points
- Commercial bridge loan from a private financial institution = 5 points

### External Affordability Commitment Term – up to 3 points

**Justification:** *The points allocated for this category signal to the Finance Committee, Housing Commissioners, and Board of County Commissioners where an affordability commitment is a contingency to receiving additional funding from a third party. Points are awarded based on 5-year increments, up to 30 years.*

➤ External Affordability Commitment

- No = 0
- 5 years = 0.5 points
- 10 years = 1 points
- 15 years = 1.5 points
- 20 years = 2 points
- 25 years = 2.5 points
- 30 years = 3 points

### Number of Units – No limit

**Justification:** *A goal of the Housing Commission Fund is to support the production of as many units as possible. However, the applicant's level of certainty is considered. The points allocated for this category are the product of (1) whether the application proposes a multi-phase project, (2) the current stage of development, (3) and the total number of units stated at the time of the application.*

**Function:** (Multi-Phase Project) x (Stage of Development) x (Stated Number of Units)

➤ Multi-Phase Development

- Yes = 1
- No = 2

➤ Stage of Development

- Initiation = 1 point  
*Project team formed; earnest intent to move the project forward.*
- Pre-Development = 2 points  
*Concept, design, planning, traffic, geotech, and other due diligence is underway or complete.*
- Pre-Construction = 3 points  
*Permits, financing, and land development are in progress or complete.*
- Procurement = 4 points  
*Contractors and materials acquisition in progress or complete.*
- Construction = 5 points  
*Site preparation and building development are in progress.*

➤ Stated Number of Units

- 1 unit = 0.1 point

### Development Efficiency – 20 points

**Justification:** A goal of the Housing Commission is to incentivize development of a property to the greatest number of units permitted by local land use and zoning ordinance. The point allocation for this category can be up to 20 points for maximum development efficiency, defined as 100% of the development potential. 0.2 points are deducted for each percentage point below maximum development efficiency.

### Investment Efficiency – 20 points

**Justification:** The fund is not intended to be a primary funding source for housing projects. The point allocation for this category can be up to 20 points for maximum investment efficiency, defined as \$1,000/unit. One point is lost per additional \$1,000/unit requested down to the minimum investment efficiency, defined as \$20,000/unit.

<u>Request per unit (\$)</u>	<u>Points</u>		
\$0 - \$1,000 / unit	20	\$10,001 - \$11,000 / unit	10
\$1,001 - \$2,000 / unit	19	\$11,001 - \$12,000 / unit	9
\$2,001 - \$3,000 / unit	18	\$12,001 - \$13,000 / unit	8
\$3,001 - \$4,000 / unit	17	\$13,001 - \$14,000 / unit	7
\$4,001 - \$5,000 / unit	16	\$14,001 - \$15,000 / unit	6
\$5,001 - \$6,000 / unit	15	\$15,001 - \$16,000 / unit	5
\$6,001 - \$7,000 / unit	14	\$16,001 - \$17,000 / unit	4
\$7,001 - \$8,000 / unit	13	\$17,001 - \$18,000 / unit	3
\$8,001 - \$9,000 / unit	12	\$18,001 - \$19,000 / unit	2
\$9,001 - \$10,000 / unit	11	\$19,001 - \$20,000 / unit	1

### Affordability – By Number of Units

**Justification:** “Affordable” housing is defined as spending 30% or less of household income. Housing units priced below 100% area median income (AMI) typically have smaller margins, are less likely to be produced by the market, and compete for extremely limited government funding sources.

Affordability thresholds are calculated using the HUD-recommended maximum occupancy of 2 persons per bedroom multiplied by .3 (30% of) the AMI percentage for the corresponding household size. AMI is calculated using county-specific data from OHCS and HUD.

The points allocated for this category are a product of (1) the number of units (2) in each affordability commitment AMI category and (3) the affordability commitment term for the project.

#### Function:

$$\left[ (\text{Stated Number of Units}) \times (\text{Over } 120\% \text{ AMI}) + (\text{Stated Number of Units}) \times (81\% \text{ to } 120\% \text{ AMI}) + (\text{Stated Number of Units}) \times (51\% \text{ to } 80\% \text{ AMI}) + (\text{Stated Number of Units}) \times (50\% \text{ AMI or Below}) \right] \times (\text{Project Affordability Commitment Term})$$

#### ➤ Number of Units

- 1 Unit = 0.1 point

➤ Area Median Income

- Over 120% AMI = 5 points
- 81% to 120% AMI = 10 point
- 61% to 80% AMI = 20 points
- 60% AMI or below = 30 points

➤ Project Affordability Commitment Term

- 5 years = 0.5 points
- 10 years = 1 points
- 15 years = 1.5 points
- 20 years = 2 points
- 25 years = 2.5 points
- 30 years = 3 points

-- or --

**Affordability – As Percentage of Project**

**Justification:** *The Affordability calculation above, by number of units, advantages projects on larger land parcels or with higher-density zoning designations. Small and rural projects cannot realize the same advantage of economies of scale. An alternative is proposed based on the percentage of the total units distributed into each AMI range. The resulting calculation compares projects based on relative proportionality, rather than their absolute potential.*

**Function:**

$$\left[ \begin{aligned} & \left( \frac{\text{Number of Units over 120\% AMI}}{\text{Total Number of Units}} \right) \times (\text{Affordability Over 120\% AMI}) \\ & + \left( \frac{\text{Number of Units 81\% to 120\% AMI}}{\text{Total Number of Units}} \right) \times (\text{Affordability 81\% to 120\%}) \\ & + \left( \frac{\text{Number of Units 61\% to 80\% AMI}}{\text{Total Number of Units}} \right) \times (\text{Affordability 61\% to 80\%}) \\ & + \left( \frac{\text{Number of Units 60\% or Below AMI}}{\text{Total Number of Units}} \right) \times (\text{Affordability 61\% or Below AMI}) \end{aligned} \right]$$

x (Project Affordability Commitment Term)

## Additional Criteria – 5 points per category

**Justification:** *Qualitative criteria provide for a subjective assessment to be made by individual Housing Commissioners about each project. Commissioners may individually assign up to 5 points for each category. Scores from all Housing Commissioners in each category will be averaged and rounded to two decimal places. Averaged scores across all categories will be summed for each project. Total Additional Criteria points will be added to the quantitative scores assigned by the Finance Committee.*

➤ Possible Criteria:

- Applicant has a proven track record of developing housing
  - Applicant has provided financial documents that show a demonstrated need for the investment, and which show a high chance of success
  - Project will not result in the displacement of existing residents
  - Project is sponsored by other organizations or agencies that work in the development of housing
  - Project is clear in scope, location, need, budget, and goals
  - Project makes a conscious effort to achieve compatibility with the neighborhood through design or other features
  - Project includes social services or other resources (e.g., playground, daycare)
  - [ Suggested criterion ]
  - [ Suggested criterion ]
  - [ Suggested criterion ]
- Staff recommends finding enough of these to grant perhaps 50 points via this mechanism