

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 00-151

Repealing Resolution No. 00-101 and Adopting the Revised Application Procedures and Restrictions of the Affordable Housing Development Program for the Purpose of Improving Opportunity for Low-income Housing Development in Multnomah County

The Multnomah County Board of Commissioners Finds:

- a. The Multnomah County Affordable Housing Development Program (AHDP) has not undergone significant procedural revision since its inception in 1992 but housing need and the funding landscape for low income housing has changed greatly.
- b. It is beneficial to critically review the principles and procedures of programs such as the AHDP from time to time to assure that program goals and policy interests of the Board of County Commissioners are being met.
- c. The Board of County Commissioners asked the Affordable Housing Review Committee to review the AHDP policies and procedures and present their findings to the Board.
- d. Pursuant to Section VI paragraph (B) of County Ordinance No. 895, the Affordable Housing Review Committee respectfully submits the enclosed AHDP application (attached as Exhibit A) incorporating recommended program policy and procedural changes to the Board of County Commissioners for consideration and approval.
- e. In the previous hearing to consider the proposed revisions to the Affordable Housing Development Program (AHDP) on June 22, 2000; the Board of County Commissioners requested a legal review of the program procedures to assure that the rights and confidentiality of disabled people and other protected classes under federal law are fully observed.
- f. The attached revisions to the AHDP Procedures now require applicants in the AHDP to comply with all applicable Federal and State confidentiality requirements.

The Multnomah County Board of Commissioners Resolves:

1. That Resolution No. 00-101 is hereby repealed and the proposed procedural changes to the AHDP evidenced in the attached application serve the public purpose of fostering the development of low income housing, be and hereby are approved.

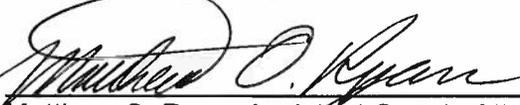
2. That the Chair be and hereby is authorized to utilize the revised AHDP procedures and to execute all documentation required to allow the program to transfer tax-foreclosed properties for low income housing purposes.

Adopted this 14th day of September, 2000.

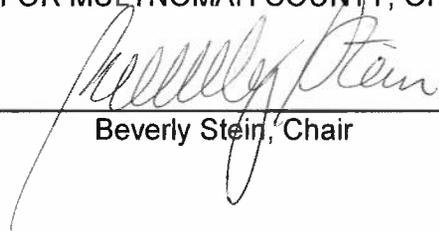


REVIEWED:

Thomas Sponsler, County Attorney
Multnomah County, Oregon

By: 
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BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON


Beverly Stein, Chair

MULTNOMAH COUNTY
AFFORDABLE HOUSING DEVELOPMENT PROGRAM
APPLICATION

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AFFORDABLE HOUSING DEVELOPMENT PROGRAM INTRODUCTION

Welcome. Multnomah County is pleased to make properties available for the creation of affordable housing through the Affordable Housing Development Program (AHDP). This is the ninth year the County has been able to make properties available through the AHDP to housing agencies and non-profit sponsors.

The purpose of the AHDP is to foster the development of affordable housing serving low income people in Multnomah County. This introduction intends to highlight some of the changes that have been made in the Program. The process for application and review remains the same. There have been significant changes in the threshold criteria to ensure that the project subsidy/equity from the County remains with the property for a significant length of time for all eligible uses. There are now two sets of threshold criteria, one for homeless shelter, special needs and rental applications and one for homeownership applications. It remains the choice of the agency or non-profit to choose the model they believe will be the highest and best use of the property. It is the goal of the County to serve those with the most need for the longest possible time. To foster this goal, there continues to be a bonus points system.

AHDP awarded rental, homeless shelter, and special needs projects are intended to remain affordable to eligible low income families at no more than 60 % AMI for the useful life of the unit, defined for the purposes of this application as at least 60 years. As before, the County will encumber the subject property with a non-amortizing, deferred payment trust deed and note in the amount of the tax arrears, penalties and expenses. Five bonus points will be awarded for projects serving families at 50% AMI and an additional five bonus points will be awarded for projects serving families at 30% AMI.

AHDP awarded homeownership projects are intended to remain affordable to eligible low-income families at no more than 80% AMI for a minimum of 30 years. To ensure marketability, sponsors will be required to set the sales price of the units to be affordable to families with an AMI 10% lower than what is affordable to the target AMI. If homeownership, five bonus points will be awarded for permanent affordability. In addition, five bonus points will be awarded for projects serving families at or below 65% AMI.

It should be noted that, as in the past, non-profits will not be given preference according to their geographic boundaries. Non-profit sponsors should engage in community building activities and develop local partnerships. It is important to take community feedback into consideration when crafting a proposal. Nonprofits should seek to make projects appropriate for the community, gather support from the community, and make the project consistent with the priorities and objectives of the Consolidated Plan and other applicable community plans. A community-based agency may or may not be more successful at this than an agency that has an office elsewhere in the city. The service areas of local non-profit sponsors overlap and some have very large service areas. The county is not focusing on the relationship between the location of the property and who has that service area as a part of their mission. It is focusing on the type and quality of the project plan proposed for the property, the community linkages made, the support of the neighborhood associations, as well as support of immediate neighbors for the project.

During the last AHDP application cycle, a number of the agencies carried out an informal collaboration. The collaboration did not include all interested agencies and questions were raised during the County's review process. The County wishes to encourage positive collaborations where two or more agencies partner in applying for an AHDP property in order to capitalize on the strength and experience of each agency. In this way organizational capacity is enhanced, giving the sponsors an opportunity to write a stronger application. Meetings between agencies to explore possible collaborations toward this end are appropriate. Meeting in which agencies seek to make anti-competitive

decisions are inappropriate and undermine the County's goal of receiving strong, thoughtful applications that seek to serve those with the greatest need and for the longest period of affordability. If non-profits and agencies do decide to meet and discuss the property list, they are strongly encouraged to be as inclusive in this process as possible. It is requested that public meeting announcements be distributed at Community Development Network meetings, through e-mails to the CDN e-mail lists, and through direct mail to the Neighborhood Partnership Fund or County list of non-profits, and other logical means. There should be a commitment by each participant not to engage in anti-competitive behavior or agreements. The County retains sole decision making authority over the properties and each application will be judged on its merits alone. The County always retains the right to refrain from awarding a property to any group should they so decide.

The changes in this application are being made with the recommendations and guidance of the Affordable Housing Development Program Technical Review Committee and will be approved by the Board of County Commissioners. The Community Development Network, local housing agencies, non-profit housing developers, stakeholders and interested individuals contributed to the revision of the program guidelines.

The Technical Review Committee will assess the impact of the changes. The intent of the changes is to guide sponsors in creating projects that provide housing for low-income families with the greatest need for the longest possible time. Maximum public benefit of the subsidy is then realized. The number and the quality of the applications received will help the Committee determine if the new threshold criteria are appropriate. There will also be the need to monitor other public policy changes and changes in market conditions over time.

We have notified our mailing list of non-profit housing sponsors and other interested parties of the change in criteria. If you have comments regarding the changes in the program, we encourage you to send your comments to the program office at the address listed on the Administrative Issues page or by email to h.c.tupper@co.multnomah.or.us. Your insight is appreciated.

We hope the enclosed application is clear and understandable. In order to provide a visual summary of the changes made, a table of the old and new criteria is printed on a table on the next page.

AHDP Procedure and Policy Comparison of Old and New Criteria

Old Criteria	New Criteria
1. Purpose to foster affordable housing for low-income persons and families.	1. Same purpose. States that all other factors being nearly the same, preference will be given for applications serving the lowest income for the longest term.
2. Recognition of three housing models with identical criteria. 1) Homeless Shelter or Special Needs Housing; 2) Rental Housing; 3) Home Ownership	2. Recognition of two housing models with separate criteria. 1) Homeless Shelter, Special Needs, and Rental; 2) Home Ownership
3. Income eligibility at 80% AMI or less	3. Homeless Shelter, Special Needs and Rental income eligibility at 60% AMI or less. Home Ownership income eligibility at 80% AMI with unit sales price set for 70% AMI.
4. Term of affordability at 5 years for home ownership and shelter/special needs. At 10 years for rental housing.	4. Term of affordability at 60 years for shelter/special needs/rental. At 30 years for home ownership with retention of subsidy (Resale Restrictions).
5. Five bonus points for 50% of median income or less. Five bonus points for longer than minimum criteria for term of affordability.	5. Ten possible bonus points for Shelter/special needs/rental; 5 points for 50% AMI or less and additional 5 points for 30% AMI or less. Ten possible bonus points for Home Ownership; 5 points for permanent affordability and 5 points for 65% AMI or less (sales price @ 55% AMI).
6. Enforcement of income and affordability criteria through Affordable Housing Development Program Agreement and Trust Deed between County and sponsor.	6. Continued use of AHDP Agreement and Trust Deed between County and sponsor. Additional Deed Restriction (or Ground Lease) required between sponsor and homeowner for 30 year retention of subsidy.
7. No standardized financial forms.	7. Standardized financial forms. Must include prototype deed restriction or ground lease for home ownership.
8. No written policy on collaborations.	8. Written policy on collaborations. If there is collaboration be as inclusive as possible.
9. No written policy on geographic boundaries.	9. Written policy on geographic boundaries. County will not focus on relationship of property and service areas. Focus on type and quality of project plan including neighborhood support.
10. No application question on Resident/Homeowner Service Plan	10. Includes question on Resident/Homeowner Service Plan

ADMINISTRATIVE ISSUES

On the following pages is information to guide participants through the application process. Included are summaries of priorities, evaluation criteria, and eligible property uses. Except for the nonprofit information form and the financial exhibits, there is no required format. The only requirement is that the questions should be answered clearly, thoroughly, and succinctly. Please number the application pages.

Please review this information and call H.C. Tupper at 988-3114 with any questions.

Application Submission:

Submit one original and two copies of the completed application to:

H.C. Tupper
Multnomah County
Community Development Program
421 SW Sixth Avenue, Suite 500
Portland, Oregon 97204

Applications must be received at the above captioned address by 5:00 p.m., _____, 2000. Late or faxed applications will not be accepted.

Evaluation of applications will be completed by _____ 2000. Notifications of awards will be mailed by _____ 2000.

STATEMENT OF NEED

The AHDP Technical Committee reviewed affordable housing needs throughout the county and created guidelines upon which this application was developed. The primary assumptions of need guiding the purpose of this AHDP application are as follows:

1. There is a severe and growing housing affordability crisis throughout Multnomah County. This crisis exists for low to moderate-income people, but it is particularly devastating to low-income people living at or below 50% of area median income (AMI).
2. Both the cost of land and the cost of housing in the county are increasing. This adversely affects the ability of low-income families to find adequate housing at a cost that is affordable.
3. Households earning less than 80% AMI are generally unable to purchase homes in the current market.
4. Wages in the region have not risen as quickly as have housing costs . . . a trend that is expected to continue. The most severely affected are those earning less than 50% of AMI (\$10.30/hour for a single wage earner with a family of two, \$11.57/hour for a single earner with a family of three).

STATEMENT OF PURPOSE

The following is a listing of principles and strategies that have guided the creation of the application and evaluation criteria:

1. Foster the development of affordable housing for low-income persons and families in Multnomah County.
2. Encourage the return of abandoned housing to useful and safe occupancy.
3. Focus on developing, maintaining, and preserving housing for those with the greatest needs.
4. Both private and public resources are required to meet community-housing needs.
5. Public subsidy dollars should be invested in ways that provide long term benefit to the community.
6. Support community land trusts and other homeownership models that retain affordability. These programs should focus on innovative types of housing and lower-income populations unable to access the market.
7. As a condition of receiving public subsidy/equity, designated affordable homeless shelter, special needs and rental units should remain affordable for a minimum of 60 years.
8. As a condition of receiving public subsidy/equity, designated affordable homeownership units should remain affordable for a minimum of 30 years using a deed restriction or ground lease resulting in retention of subsidy.
9. Priorities should focus on stabilizing low-income neighborhoods using housing and community development tools.
10. Develop and support process to encourage communication, accountability, and if necessary mediation and problem solving among neighborhood and business associations, and special needs providers and their clients.

PROGRAM HISTORY

The Board of County Commissioners (BCC) authorized the Affordable Housing Development Program (AHDP) by consolidating existing ordinances governing the administration and disposition of tax foreclosed properties and creating a new Ordinance 895 on December 30, 1997. County Ordinance 895 allows the no cost transfer of tax-foreclosed properties to non-profit housing sponsors and sets notification, selection and transfer requirements. The Board will approve the new procedures in this application.

AWARD PROCEDURES

In an effort to protect investment being made by the County in affordable housing, the Affordable Housing Review Committee increased the affordability requirements to obtain retained use of the new or rehabilitated units for many years. The County is following the lead of the Cities of Portland and Gresham in requiring a long-term affordability period of sixty (60) years for homeless shelter, special needs or rental units. The threshold period of affordability for homeownership has been increased to thirty (30) years. The threshold in the income being served has also been changed. The threshold for homeless shelter, special needs, and rental housing has been lowered to 60% AMI. The threshold for homeownership remains unchanged at 80% AMI.

The mission of the AHDP program has been to foster the development of affordable housing for low income persons and families countywide. This is in accordance with the Five Year Consolidated Plan 2000-2005 (City of Gresham, Multnomah County, and City of Portland) and with the City of Portland Comprehensive Plan. Homeless shelter, special needs and rental projects have tended to serve those with lower incomes for a longer term than homeownership projects. When asked to choose between two strong applications, the technical review committee has consistently chosen the project reaching families with lower incomes for a longer term. All other factors being nearly the same, preference will be given for applications serving the lowest income for the longest term.

For homeownership, a strategy that aims for long-term affordability implies some form of shared equity ownership for the individual purchasing the home. The subsidy provided allows a household that is not currently able to qualify to purchase a house to move into homeownership for less than market value. The value of that subsidy is retained when the home is sold through agreements in the deed that limit the price at which the home may be resold. This allows another income-qualified family to purchase the home without additional subsidies being required. There are several ownership models that are price restricted in order to preserve future affordability. These include deed-restricted owner occupied housing, community land trust, limited equity condominium, limited equity cooperative, and a mutual housing association.

In the deed-restricted owner occupied housing model, the occupant owns the house and land, but a restrictive covenant in the deed prevents the property from being sold in the speculative market. When the property is sold it must remain affordable to future low-income homebuyers and the amount of the equity that the seller can realize is controlled by a resale formula. Most deed restrictions last for a specific number of years. The non-profit retains the first option to purchase and resell. When intended to provide permanent affordability, the deed restriction runs with the land permanently such as in a community land trust. A community land trust (CLT) is a democratically controlled community based, non-profit organization established for the purpose of removing land permanently from the speculative market and maintaining it as a community resource. The CLT serves as a trustee or steward in perpetuity of the land it controls. CLT property is separated into two components: the land and the buildings on it. Individuals own the buildings and enter into long-term renewable ground leases, often for ninety-nine (99) years, for the

use of the land. Like the deed restriction, the amount of equity distributed to the owner upon sale is controlled by a resale formula. Like the deed restriction model, the CLT retains the first option to purchase and resell as an enforcement mechanism.

Long-term affordability requirements on owner-occupied housing may raise equity issues. However, allowing households to fully capture the equity gain removes the opportunity to retain the public subsidy for future use. Such affordability requirements will ensure that the house subsidized will remain in the jurisdiction's affordable housing inventory over the long haul, thus benefiting more homeowners. The advantages to the homebuyer are financial security, stabilized housing, return on equity (determined by resale formula), tax advantages, legacy for one's heirs, and personal freedoms associated with ownership.

The following sections provide an outline of the new award priorities and evaluation criteria.

Eligible Development Activities

- Projects in Multnomah County meeting threshold criteria established below;
- Projects that create additional affordable housing units either through new construction or renovation of existing housing units;
- Projects that create homeless shelter housing, special needs housing, rental housing or home ownership units;
- Projects that create units for lower income families as defined by HUD;

Non-eligible Development Activities

- Projects with mixed use components that are not allowed under existing State law and County Ordinance;
- Projects that are not entirely for low-income housing purposes are not allowed.

Qualifying or "Threshold" Criteria for Homeless Shelter, Special Needs and Rental Projects

Projects that do not meet all of the applicable "threshold" criteria will not be considered for funding:

- Projects meet the affordable housing needs of families in Multnomah County living at or below 60% AMI;
- Projects must be affordable to the target population for the useful life of the unit, or a minimum of sixty (60) years.

Qualifying or "Threshold" Criteria for Home Ownership Projects

Projects that do not meet all of the applicable "threshold" criteria will not be considered for funding:

- Projects meet the affordable housing needs of families in Multnomah County living at or below 80% AMI;
- Projects must be projected to be affordable to the target population for minimum of thirty (30) years;
- The Sales Price of units must be priced to be affordable to an AMI level 10 percent less than the maximum income being served. For example, if project unit is available to families up to 80% AMI, then the maximum sales price must be affordable to 70% AMI. If the project unit is available to families up to 65% AMI, then the maximum sales price must be affordable to 55% AMI.

Notification and Property Selection Process

After the State and County established repurchase period by the tax delinquent owners has expired, the County Tax/Title unit shall publish a list of available tax foreclosed properties. The first notice of the available property list will be sent to local governments for evaluation of the properties listed for non-housing purposes. Neighborhood associations receive the list of properties at the same time as governments. During this period, the Greenspace Review Committee (GRC) appointed by Board of County Commissions (BCC) may identify certain properties as environmentally sensitive. The governments will have a thirty-day review during which they may request property transfer. When the government review period has concluded, the remaining properties will be made available to the Affordable Housing Development Program (AHDP). Concurrently with AHDP review, the available properties will be reviewed by the GRC for open spaces, parks or natural areas AKA "greenspaces" uses. Competing committee recommended applications between housing uses and greenspace uses will be decided by the BCC.

The AHDP Technical Review Committee and staff will have 30 days to choose the properties most appropriate for affordable housing development. The list compiled of these screened properties will be mailed to interested public agencies and non-profit housing sponsors. Please call H.C. Tupper @ 988-3114 if you would like to add your organization to the AHDP mailing list. Notice of the AHDP and property availability will also be published in the Oregonian. The only eligible applicants for the AHDP are public agencies and non-profit housing sponsors.

Application Period

Eligible applicants shall have 45 days to respond to published property list on an application form provided by the County (See attached). Applicants can apply for up to five properties unless they have the demonstrated capacity to carry out more than five properties in the program year.

A non-refundable application fee of \$50 will be required for each requested property.

The technical review committee may recommend restriction of an applicant's award of properties based on the demonstrated capacity of the sponsor. Only full and complete applications received during the 45-day application period will be considered.

Evaluation Process

A technical review committee has been formed to review applications and make recommendations to the Board of County Commissioners. The review shall be a non-binding recommendation evaluating project merit for the Board of County Commissioners according to adopted criteria. The review committee shall include representatives from the County CDBG Policy Advisory Board, City of Portland, the Commissioners' Office, County Citizen Involvement Committee, City of Gresham, banking industry and philanthropic organization. The review committee will advise the Board on program policy and effectiveness. The review committee shall examine each application and provide a narrative report to the BCC. The technical report shall also include the location of property; taxes owed and costs incurred by the County in managing the property. Applicants must meet threshold criteria. Points will be awarded on the basis of the strength of the answers in the following five areas with additional points available for those who exceed the threshold criteria. Applicants are encouraged to apply for bonus points. There are a total of 65 points available.

- Threshold Criteria – Projects must meet the threshold criteria to be considered.

Categorical weightings are as follows:

- Project Plan – 15 Total Points:
 - Describe the population to be served by the project;
 - Describe how the project plan is appropriate for the population to be served (amenities, unit sizes and mix, special features, cost to consumer, etc.);
 - Complete the project schedule, include a construction cost estimate and an analysis of necessary professional and volunteer services;
 - Demonstrate an understanding of site specific planning, zoning, and building requirements. If you plan to request any density bonuses or zoning changes, please explain how this will affect your time line and explain the basic premise of your design/zoning review application to the planning bureau;
- Organizational Capacity – 15 Total Points:
 - Describe the proposed development team and their qualifications and capacity to complete project (consider scale and complexity of project);
 - Describe prior project experience;
 - List all current projects under development;
 - Discuss readiness to proceed on this project;
- Operations Capacity or Homeownership Marketing Plan - 5 Total Points:

If rental:

- Demonstrate capacity to develop, operate, manage and maintain housing during the 60-year term of affordability. Describe maintenance plan during the development period. Include insurance costs and physical inspection schedule;
- Describe continuing project oversight and operational responsibility.
- Describe the financial assumptions used to develop the operating budget (income and expenses). Include rents, other sources of income, operation and maintenance expenses, and inflationary factors.

If homeownership:

- Demonstrate capacity to develop and implement successful marketing plan. Describe past experience in marketing homeownership projects;
 - Describe basic marketing approach including integration of homeowner education;
 - Describe sponsor's role in event that first homeowner decides to sell;
 - Describe sponsor's role in delinquency counseling (foreclosure prevention).
- Financial Feasibility – 10 Total Points:
 - Describe the financial assumptions used to determine the total cost of the project (acquisition, development and construction). Include justification that the amounts listed in the budget line items are appropriately estimated. Letters of verification by third parties of estimates, estimates provided by qualified staff/consultants, budgets from similar projects completed within the last year, and acceptance of figures/estimates as valid by lenders all can be used to verify validity of estimates;
 - List sources of funds that are currently committed, conditional, or tentative and describe strategies to obtain these funds.
 - Community/Neighborhood Support – 5 Total Points:
 - Describe community support for the proposed project
 - Identification of and plans to meet anticipated community concerns;
 - Description of how project plan fits within the community;
 - Describe how it is consistent with the priorities and objectives of the Consolidated Plan and other community plans that may apply.
 - Resident/Homeowner Service Plan – 5 Total Points:
 - Provide a narrative description of the linkage to support services that will be available to project residents and/or to the homeowners. Describe the desired outcomes of the services;
 - Describe what services the staff of your organization will offer;
 - Describe the methods used to identify the available services in the community, including efforts to coordinate and collaborate on delivery of these services to recipients;
 - Describe what you will do to ensure ongoing coordination of services.

Bonus Points

Bonus Points are available based on the following point system:

Bonus Points for Homeless Shelter, Special Needs, and Rental Projects - Bonus of 10 points possible;

- An important goal of the Housing Transfer Ordinance is to increase the available housing for very low-income households at 50% of the median income or less. Demonstrate and describe how your project will be affordable to persons at or below 50% AMI. (5 points)
- Projects that can demonstrate that they can serve households at 30% AMI will receive an additional 5 points. These projects will also receive the bonus points for serving less than 50% AMI. (5 points)

Bonus Points for Homeownership Projects – Bonus of 10 points possible;

- Projects with a mechanism to pledge permanent homeownership affordability will receive five bonus points. (5 points)
- Projects that can demonstrate that they can serve households at 65% AMI will receive 5 bonus points. (5 points)

Hearing Process

Following technical review of the applications for transfer, a written report of the transfer recommendations will be prepared and distributed to each member of the Board of County Commissioners. After receiving the report, the Board shall schedule a public hearing to consider the transfer requests. Any transfer requests proposing special needs housing uses for the available properties will be heard by the Board in closed executive session to preserve resident confidentiality. All transfer decisions will be made by the Board at a public hearing. Notice of the scheduled public hearing will be published in the newspaper for two successive weeks. Each applicant will be provided a copy of the findings of the technical review committee and notified of the public hearing by mail. The public hearing for all projects, other than special needs housing proposals, will include the technical review committee report and public testimony. A representative of the technical review committee will attend the public hearing to describe its finding and answer questions. The County always retains the right to refrain from awarding a property to any group should they so decide.

Transfer Process

A \$200 non-refundable transfer fee will be charged for each property awarded through the program.

The successful applicant will receive title to the tax foreclosed property after an Agreement with the County and a lien instrument are executed. Essentially the County is donating the value of the land

and structure to agency and expecting benefit to accrue to low income families in increased affordability. If we accept the premise that encouraging low income housing requires monitoring the progress and successes of agency and non-profit developers, security in the form of encumbering documents is the starting point.

When title is transferred to the successful applicant, the transfer will be conditioned to the development of affordable housing for low-income families. The resulting Agreement will specify a 12-month period by which financing will be obtained, and a total of 24 months for the renovations or new construction described in the application to be completed. After transfer, the property will revert to County ownership should: the non-profit developer be unable to demonstrate that adequate financing for the project has been obtained; the developer does not deliver a completion notice following the 24 month construction term, or the terms of the Agreement are otherwise breached. Annually, during this development or construction phase the applicant will be required to file financial status reports that provide project specific fiscal information as well as corporate financial statements. The technical review committee will track the applicant financial reports and report to the Board if serious problems or inadequacies are presented. The technical review committee may make periodic site inspections of project construction progress to ascertain Agreement compliance. Project completion is initiated by the County upon receipt of completion notice from local building codes jurisdiction. Upon completion of the project, the County shall remove the short-term development conditions from the title.

The structure of enforcement during the development phase of the projects will remain the same whatever the type of housing proposed.

The structure of the longer-term enforcement processes will vary somewhat depending on the type of housing proposed. In all cases, the County and the developer will sign an Agreement, secured by a promissory note and trust deed in the amount of the tax arrears and penalties. The restrictions described in the encumbering documents will ensure affordability at the level pledged for the life of the project (60 years), if rental, homeless shelter, or special needs housing. They will ensure affordability at the level pledged and length pledged (30 years or longer), if homeownership. The total encumbrance would be due and payable only if the terms of the Agreement are breached. Any County interest or restriction in the property would disappear at the end of the affordability pledge through use of a Deed of Reconveyance.

In the case of homeownership, at the time of sale to qualified homebuyer, the County's trust deed would transfer to the homebuyer as a second mortgage. The mortgage would be performance based, enforcing owner occupancy and would run concurrently with deed restriction or ground lease placed on the property. In the event of resale, the County's second mortgage would transfer to the new income eligible homebuyer. The term of this second mortgage would not change with transfer.

If a property is returned to the County because the sponsor has been unable to fulfill their obligations under the AHDP Agreement, the Board of County Commissioners should approve the return and the BCC may then decide to make the property available in the next AHDP funding cycle.

It may be that a property is not recommended for award to a non-profit housing sponsor because no applications for the property were received or approved. In this event, it will be determined whether the property is of significant value to deem it as being required for housing development. If it has significant value, it may be set aside to be included in the next list of available properties to

be processed for low-income housing development. If it has no significant value for low-income, it may be added to the inventory of tax foreclosed properties available for disposition. This recommendation for set aside for the next cycle will be put in front of the BCC at the same time as the Board hears comments concerning transfer of properties which have been recommended for transfer.

III. THRESHOLD CRITERIA

Outline how project adheres to threshold criteria for the type of project being developed. Include description of site location and how the project meets the affordable housing needs of targeted families. Justify your proposal as the highest and best use of the property, both in terms of the site and beneficiary need. Describe how the value of the donated property will be passed through as a tangible benefit to current and future occupants of the completed housing.

If rental, describe the strategies to maintain the project's affordability. Proposed housing costs should be limited to no more than 30% of household income.

If homeownership, please supply a copy of the deed restriction or ground lease that will provide long-term or permanent affordability. Provide a summary of this document showing a relationship between the value of the county subsidy and the sale/resale price. Be clear on what the sales price of the unit will be and on the resale formula that is contained in the document. Proposed housing costs (PITI) should be limited to no more than 30% of household income. Please discuss sales price in relation to the requirement that the sales price of units must be priced to be affordable to an AMI level 10 percent less than the maximum income being served. For example, if project unit is available to families up to 80% AMI, then the maximum sales price must be affordable to 70% AMI.

(2 pages discussion plus supplemental documents)

IV. PROJECT PLAN (15 points)

Describe the housing project including population to be served, number and size of units, unit mix, amenities, appropriateness, and project design.

Sponsor must demonstrate project plan that will result in timely completion and use. Complete the project schedule (Exhibit F); include a construction cost estimate and an analysis of necessary professional and volunteer services.

Demonstrate an understanding of site specific planning, zoning, and building requirements. If you plan to request any density bonuses or zoning changes, please explain how this will affect your time line and explain the basic premise of your design/zoning review application to the planning bureau.

(2-3 pages maximum)

V. ORGANIZATIONAL CAPACITY (15 points)

Sponsor must demonstrate capacity to carry out project. Describe the proposed development team and their qualifications and capacity to complete project (consider scale and complexity of project). Describe prior project experience. List all current projects under development. Discuss readiness to proceed on this project. If more than one organization will be involved in project development or services, describe the partnership roles and commitments of each.

(2 pages maximum)

VI. FINANCIAL FEASIBILITY (10 points)

Describe the financial assumptions used to determine the total cost of the project (acquisition, development, and construction). Please complete the attached Financial Exhibits A, B1 and B2. The use of standardized financial information forms will assist evaluators in their analysis of the feasibility of the proposed project. Include justification that the amounts listed in the budget line items are appropriately estimated. Letters of verification by third parties of estimates, estimates provided by qualified staff/consultants, budgets from similar projects completed within the last year, and acceptance of figures/estimates as valid by lenders all can be used to verify validity of estimates. List sources of funds that are currently committed, conditional, or tentative and describe strategies to obtain these funds. Please note for homeownership projects, please include marketing, holding, and selling costs where indicated.
(2 pages maximum plus Financial Exhibits)

VII. OPERATIONS CAPACITY OR HOMEOWNERSHIP MARKETING PLAN
(5 points)

If rental:

Describe your capacity to develop, operate, manage and maintain housing during the 60-year term of affordability. Describe the maintenance plan during the development period. Include insurance costs and physical inspection schedule. Describe continuing project oversight and operational responsibility including long term asset management. Describe the financial assumptions used to develop the operating budget by completing Financial Exhibits C, D, E1 and E2. Include rents, other sources of income, operation and maintenance expenses, and inflationary factors.

If homeownership:

Describe your capacity to develop and implement successful marketing plan. Describe past experience in marketing homeownership projects. Describe basic marketing approach including integration of homeowner education. Describe sponsor's role in event that first homeowner decides to sell. Describe sponsor's role in delinquency counseling (foreclosure prevention).
(two pages maximum)

VIII. COMMUNITY/NEIGHBORHOOD SUPPORT (5 points)

Describe the steps that your corporation has taken to include the community in or inform the community of your project. Include any demonstrated community support for your organization and/or project. Explain how the project is appropriate for the community. Describe how it is consistent with the priorities and objectives of the Consolidated Plan and other community plans that may apply. State whether there are any anticipated community concerns or issues with the proposed project and how the organization plans to address them.

Note to special needs housing project sponsors:

If you are proposing housing for people with special needs, confidentiality is of paramount importance to the County and more importantly is often required under Federal and State law. Under no circumstances should any community/neighborhood notification disclose any

information about the specific type of special needs housing or other information identifying individuals in violation of the Fair Housing Act (42 USC 3601, et seq.), the Americans with Disabilities Act (42 USC 12101, et seq.) or any other applicable Federal or State confidentiality provision. Any community/neighborhood notifications should be made in such a way as to preserve the rights set forth in the Fair Housing Act Amendments, the Americans With Disabilities Act and any applicable Federal and State confidentiality law. Should you need guidance regarding appropriate notification procedures, you may contact the City of Portland Office of Neighborhood Involvement Community Residential Siting Program (CRSP) for guidance. Tel: (503) 823-2030. It is also recommended that you consult your own legal counsel if you have questions regarding confidentiality and disclosure of client-related information. (2 pages maximum)

IX. RESIDENT/HOMEOWNER SERVICE PLAN (5 points)

Provide a narrative description of the linkage to support services that will be available to project residents and/or to the homeowners. Describe the desired outcomes of the services. Describe what services the staff of your organization will offer. Describe the methods used to identify the available services in the community, including efforts to coordinate and collaborate on delivery of these services to recipients. Describe what you will do to ensure ongoing coordination of services. (2 pages maximum)

X. BONUS POINT CATEGORIES

Bonus Points are available based on the following point system:

A. Bonus Points for Homeless Shelter, Special Needs, and Rental Projects - Bonus of 10 points possible;

- An important goal of the Housing Transfer Ordinance is to increase the available housing for very low-income households at 50% of the median income or less. Demonstrate and describe how your project will be affordable to persons at or below 50% AMI. (5 points)
- Projects that can demonstrate that they can serve households at 30% AMI will receive an additional 5 points. These projects will also receive the bonus points for serving less than 50% AMI. (5 points)

Discuss how your project will serve those with the greatest need. Be clear which bonus points you are applying for.

B. Bonus Points for Homeownership Projects – Bonus of 10 points possible;

- Projects with a mechanism to pledge permanent homeownership affordability will receive five bonus points. Sponsors must include the Commitment of Longer Term Affordability with their application to be eligible for these points. (5 points)
- Projects that can demonstrate that they can serve households at 65% AMI will receive 5 bonus points. (5 points)

COMMITMENT OF LONGER TERM AFFORDABILITY
FOR HOMEOWNERSHIP

The undersigned is the sponsor for the housing affordability project proposed for the property located at

We are hereby applying for bonus points based on our commitment to hold the project permanently affordable.

We have supplied a copy of our ground lease that will provide permanent affordability. Within our AHDP application there is a summary of this document; a discussion showing the relationship between the value of the county subsidy and the sale/resale price; a discussion of our marketing plan; and evidence that a family of with an income equal to or less than _____ % AMI will spend no more than 30% of their household income for housing costs. The project unit(s) will be sold to households with a maximum income of no more than _____% AMI.

**AHDP Funding Application
Financial Exhibit A**

Sources of Funding

Project Name:

SOURCE (including loan/grant)	Committed	Conditional	Tentative
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
SUBTOTALS	\$	\$	\$
TOTAL FUNDING SOURCES	\$		

**AHDP Funding Application
Financial Exhibit B.1.**

Uses of Financing

Project Name:

	COST	SUBTOTAL
<u>Acquisition Costs</u>		
Purchase Price	\$	
Liens and Other Taxes	\$	
Closing/Recording Costs	\$	
Off-site Costs/Improvements	\$	
Other	\$	
Subtotal	\$	
<u>Development Costs</u>		
Land Use Approvals	\$	
Building Permits/Fees	\$	
System Development Charges	\$	
Environmental Report (typically a Level 1)	\$	
Soils/Survey Report (Geotechnical)	\$	
Architectural/Engineering Fees	\$	
Legal/Accounting Fees	\$	
Cost Certification Fee	\$	
Appraisals	\$	
Lender Inspections	\$	
Lender Title Insurance	\$	
Construction Loan Fee	\$	
Permanent Loan Fee	\$	
Construction Period Interest/Taxes	\$	
Construction Period Insurance	\$	
Tax Credit Fees	\$	
Bridge Loan Interest	\$	
Closing Fees	\$	
Marketing/Selling Costs	\$	
Lease Up/Operating Reserves/Holding Costs	\$	
Developer Fee	\$	
Consultant Fee	\$	
Development Contingency	\$	
Tenant Relocation	\$	
Other	\$	
Subtotal	\$	
<u>Construction Costs</u>		
On-site Work	\$	
Hazardous Materials Abatement	\$	
Residential Building Construction	\$	
Commercial Building Construction	\$	
Common Use Facilities	\$	
Laundry Facilities	\$	
Storage/Garages	\$	
Landscaping	\$	
Construction Contingency	\$	
Other	\$	
Subtotal	\$	
<u>TOTAL PROJECT COST</u>		\$ _____

**AHDP Funding Application
Financial Exhibit B.2.**

Uses of Financing

Project Name:

Please identify how you arrived at the cost estimates itemized in Financial Exhibit B.1.
Verification documents may be included.

**AHDP Funding Application
Financial Exhibit D**

Utility Allowance information

Project Name:

TYPE OF UTILITY (Gas, Elec, Oil, etc.)	OWNER UTILITIES	TENANT PAYS	1 BDRM	2 BDRM	3 BDRM	4 BDRM
Heating	_____	_____	\$	\$	\$	\$
Lighting	_____	_____	\$	\$	\$	\$
Air Conditioning	_____	_____	\$	\$	\$	\$
Cooking	_____	_____	\$	\$	\$	\$
Hot Water	_____	_____	\$	\$	\$	\$
Water	_____	_____	\$	\$	\$	\$
Sewer	_____	_____	\$	\$	\$	\$
Trash Removal	_____	_____	\$	\$	\$	\$
TOTAL UTILITY ALLOWANCE	_____	_____	\$	\$	\$	\$

If allowances are calculated by other methods, attach the appropriate schedule and include unit rents, number of bedrooms, and allowances.

Source of Utility Allowance Calculation:

Name:

- Local Housing Authority
- Utility Company
- Other

**AHDP Funding Application
Financial Exhibit E.1.
Housing Operating Budget - EXPENSES**

Project Name:

Annual Inflation Rate Factor: 4 %

Annual Operating Expenses	Annual per Unit	1st full Year	Project Year 5	Project Year 10
Insurance	\$ _____	\$ _____	\$ _____	\$ _____
Utilities:(common areas)				
Gas/Oil	\$ _____	\$ _____	\$ _____	\$ _____
Electric	\$ _____	\$ _____	\$ _____	\$ _____
Water & Sewer	\$ _____	\$ _____	\$ _____	\$ _____
Garbage Removal	\$ _____	\$ _____	\$ _____	\$ _____
Other _____	\$ _____	\$ _____	\$ _____	\$ _____
Repairs	\$ _____	\$ _____	\$ _____	\$ _____
General Maintenance	\$ _____	\$ _____	\$ _____	\$ _____
Landscape Maintenance	\$ _____	\$ _____	\$ _____	\$ _____
Replacement Reserve	\$ _____	\$ _____	\$ _____	\$ _____
Property Management:				
On-site	\$ _____	\$ _____	\$ _____	\$ _____
Contracted (Off-Site)	\$ _____	\$ _____	\$ _____	\$ _____
Professional Services:				
Resident Services	\$ _____	\$ _____	\$ _____	\$ _____
Case Management	\$ _____	\$ _____	\$ _____	\$ _____
Legal	\$ _____	\$ _____	\$ _____	\$ _____
Accounting	\$ _____	\$ _____	\$ _____	\$ _____
Other _____	\$ _____	\$ _____	\$ _____	\$ _____
Office & Administration	\$ _____	\$ _____	\$ _____	\$ _____
Advertising/Marketing & Promotion	\$ _____	\$ _____	\$ _____	\$ _____
Unit Turnover	\$ _____	\$ _____	\$ _____	\$ _____
Taxes(non-real estate)	\$ _____	\$ _____	\$ _____	\$ _____
Real Estate Taxes	\$ _____	\$ _____	\$ _____	\$ _____
Other _____	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____
Total Annual Operating Expenses	\$ _____	\$ _____	\$ _____	\$ _____
Net Operating Income	\$ _____	\$ _____	\$ _____	\$ _____
Less Debt Service:				
_____ % on \$ _____ for _____ years	\$ _____	\$ _____	\$ _____	\$ _____
_____ % on \$ _____ for _____ years	\$ _____	\$ _____	\$ _____	\$ _____
_____ % on \$ _____ for _____ years	\$ _____	\$ _____	\$ _____	\$ _____
Total Debt Service	\$ _____	\$ _____	\$ _____	\$ _____
Cash Flow Per Year	\$ _____	\$ _____	\$ _____	\$ _____

**AHDP Funding Application
Financial Exhibit E.2.**

Housing Operating Budget - EXPENSES

Project Name:

Please identify how you arrived at the cost estimates itemized in Financial Exhibit E.1.
Verification documents may be included.

**AHDP Funding Application
Financial Exhibit F**

Project Schedule

Project Name:

ACTIVITY	PROPOSED DATE (month/year)
SITE	
Option/Contract	
Site Acquisition	
Zoning Approval	
Site Analysis	
Building Permits & Fees	
Off-Site Improvements	
PRE-DEVELOPMENT	
Plans Completed	
Final Bids	
Contractor Selected	
FINANCING	
Construction Loan:	
Proposal	
Firm Commitment	
Permanent Loan:	
Proposal	
Firm Commitment	
SYNDICATION AGREEMENT (LIHTC)	
CONSTRUCTION BEGINS	
CONSTRUCTION COMPLETED	
CERTIFICATE OF OCCUPANCY	
LEASE UP	