

RESOLUTION NO. 2008-34

**A RESOLUTION ESTABLISHING POLICIES AND PROCEDURES FOR
ADMINISTRATION OF THE AFFORDABLE HOUSING TRUST FUND**

RECITALS:

- A. WHEREAS**, the City of Ashland City Council approved the establishment of the Affordable Housing Trust Fund (Ordinance _____), to keep our community diverse by facilitating the production and preservation of affordable housing throughout Ashland; and
- B. WHEREAS**, The policies and procedures for administration of the Affordable Housing Trust Fund establish eligible uses, eligible applicants, the method by which funds are awarded, and selection criteria; and
- C. WHEREAS**, the City Council understands the changing nature of the housing market and corresponding housing needs, and therefore has established the policies and procedures for administering the Ashland Housing Trust Fund (AHTF) to remain flexible to respond to changing market conditions and opportunities; now therefore

THE CITY OF ASHLAND RESOLVES AS FOLLOWS:

SECTION 1. Purpose

- 1.1** The purpose of the City of Ashland's Affordable Housing Trust Fund (AHTF) is to establish a dedicated source of revenue to provide ongoing funding for housing projects or programs that address the housing needs of Ashland residents. To this end the AHTF is established to address the primary purpose of encouraging the creation of housing for homeownership or rent, at a cost that will enable low and moderate income families to afford quality housing while paying no more than thirty per cent of gross household income on housing.
- 1.2** To promote the rehabilitation, preservation and production of quality, well designed rental and ownership housing the AHTF will award funds to community development partners that are furthering the AHTF mission. It is expecting that the local contributions made through Ashland's Affordable Housing Trust Fund will assist in maximizing 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 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 households to afford housing, the 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 120% the Area Median Income as defined by HUD.
- 1.4 The Administrative Procedures associated with the 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 Affordable Housing Trust Fund is structured to ensure that many different types of organizations are eligible to receive financing.
- 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.

Section 3. Eligible Uses and Activities

- 3.1 Affordable Housing Trust Funds shall support the creation or preservation of housing that is affordable to households with incomes that do not exceed 120% of the area median income, as defined by HUD for the Medford-Ashland metropolitan service area.
- 3.2 Affordable Housing Trust Funds will be focused on those activities that create, preserve or acquire housing within the Ashland Urban Growth Boundary.
- 3.3 Housing developments financed by the Affordable Housing Trust Fund (AHTF) which receive subsidy, financing, tax credits or other assistance under a State or Federal housing program, 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 on-going sustainability for the affordable housing units in the development. However, Affordable Housing Trust Funds may not be used to support such market rate units.

- 3.4** Affordable housing units developed utilizing subsidy from the Affordable Housing Trust Fund shall comply with the income, rent and purchase housing cost limits established by Resolution 2006-13, as amended, and as restricted by a covenant prepared by the City of Ashland.
- 3.5** The 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
 - Appraisal costs
 - Closing costs
 - Interest
 - Inspection fees
 - Title insurance
 - Relocation costs
 - Architectural/engineering fees
 - 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:** 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.

- 3.5.e Bridge loans** to assist in development of low-income 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.
- 3.5f 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 low-moderate income households. Eligible rehabilitation and emergency repair costs include but are not limited to:
- Architectural/engineering fees
 - Construction costs
 - Relocation costs
 - 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 low-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 Ashland's low-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 Other uses** as deemed appropriate by the Ashland City Council as supporting the development or preservation of affordable housing within the City of Ashland.

Section 4. Preferences

- 4.1** The general criteria of selection are found in Section 8 and may be modified through the annual Request for Proposals, however the following preferences are provided as general guidance for future applicants for 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 non-residentially-zoned property converted to residential use. Any designated new affordable housing units shall be secured as affordable through recorded Resale Restriction Covenants.
- 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 beyond thirty (30) years.
- 4.1.c** Developments of housing utilizing the Land Trust model to secure property and perpetual affordability.
- 4.1.d** 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.e** 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 residents upon completion.
- 4.1.f** Developments that incorporate the use of “green” building materials, use of energy-efficient appliances, low-water use landscaping, and incorporation of building design and operational factors that minimize energy use and resource consumption as well as avoid indoor health impacts to achieve Earth Advantage Certification.
- 4.1.g** Developments that include affordable units for the disabled and the homeless.
- 4.1.h** Projects that propose long term affordability.
- 4.1.i** Projects that are sponsored by non-profit organizations.

- 4.1.j** Projects that use private funding sources and State funding sources to leverage the least amount of Ashland's Affordable Housing Trust Funds.

Section 5. Fund Administration

The Affordable Housing Trust Fund (AHTF) originated through the direction of the Ashland City Council and Ashland Housing Commission.

- 5.1** The City of Ashland acts as fiduciary agent and administrator of the funds.
- 5.2** Funds dedicated to the Ashland 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 Ashland shall issue a request for proposals (RFP) to announce the availability of funds. The Affordable Housing Trust Fund RFP issuance shall be timed to run concurrent with the Community Development Block Grant Program award process.
- 5.4** The City may issue a Notice of Funding Availability (NOFA) to specifically target up to 10% in available Affordable Housing Trust Funds to undertake eligible uses and activities identified in Section 3.
- 5.5** The City of Ashland Housing Commission, and City Staff as designated by the Director of Community Development, shall review applications for Affordable Housing Trust Funds to determine project eligibility and evaluate the applications based on the selection criteria provided in the issued Request for Proposals. The Housing Commission, and City Staff, shall provide recommendations to the City Council who shall make final award decisions.
- 5.6** The City aims to administer the Affordable Housing Trust Fund in a manner consistent with other affordable housing programs such as the Ashland Community Development Block Grant Program. The implementation of a comparable application, application evaluation, and approval process will provide housing developers with a consistent and coherent method for securing housing funds from the City. Coordination of the grant allocation process with other local and state funding application timelines, will help ensure that AHTF funds are best applied to leverage additional resources in support of the housing projects.

- 5.7** 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.

Section 6. Match Requirements

- 6.1** The Ashland Housing Trust Fund is intended to support the development of needed housing, but is not intended to provide the sole source of funding for any development project or housing program. To ensure that affordable housing providers, and organizations that assist individuals and families in obtaining needed housing, do not rely exclusively on AHTF to support their activities, it has been determined that;
- 6.2** The Affordable Housing Trust Fund contribution shall not exceed more than 50% of the total project, or program, cost. Required Match can be met utilizing Community Development Block Grants, State or Federal Funding, direct contribution from the applicant, private donations, and the contribution of land, materials or labor to the project.
- 6.2.a** 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, unless otherwise directed in Oregon Revised Statute or City Municipal Code.
- 6.2.b** 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 AHTF grant when its value is considered as required matching funds.
- 6.2.c** 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.
- 6.2.d** Award recipients shall provide verifiable accounting for donated labor and materials, when such was necessary to satisfy the AHTF match requirements.
- 6.3** A recipient of an AHTF grant that fails to verify the match requirements have been satisfied at the conclusion of a project

would be considered cause for the City to require full or partial repayment of any AHTF grants awarded to a project.

Section 7 – Allocation of Funds

The Affordable Housing Trust Fund is structured to allow the flexibility for the City, and housing providers, to be responsive to opportunities that arise that require an immediate expenditure of a relatively small amount of funds to secure property, or financing, as well as to ensure the majority of Affordable Housing Trust Funds are allocated through a annual competitive award process.

Establishment of two distinct and separate award processes is intended to provide for both consistency and flexibility. The issuance of a Request for Proposals (RFP) which will allocate 90% of the available allocation of Affordable Housing Trust Funds will be coordinated with other local and State funding cycles to allow applicants to best structure their project financing. Additionally a Notice of Funding Availability (NOFA) may be announced, as funds permit, to allocate up to 10% of the annual funding available. A NOFA is primarily intended to be responsive to immediate needs for a limited grant or loan if needed for predevelopment activities which will further the mission of the AHTF.

The distribution of any and all AHTF funds through Competitive or Non-Competitive awards as described in Sections 7.1 and 7.2, will be in accordance with State and Local Public Contracting laws.

7.1. Competitive Awards - Request for Proposals (RFP)

The City of Ashland has a limited amount of 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 has been established and a set of award criteria shall be developed 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 is outlined below.

- 7.1 a.** The City of Ashland may issue a Request for Proposals on an annual or intermittent basis depending on availability of funds, providing applicants with a minimum of 45 days to respond to the request.

- 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 Ashland Housing Commission and the City Council.
- 7.1 c** The Ashland 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 Ashland Housing Commission will develop a grant award recommendation to the City Council using the AHTF 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 Ashland City Council shall make a final decision on the award of Affordable Housing Trust Funds.
- 7.1 f** The City of Ashland 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 Affordable Housing Trust Funds.

7.2. Notice of Funding Availability (NOFA)

Upon electing to initiate a Notice of Funding Availability (NOFA) the City shall issue a notice of funding availability through publication in the Ashland Daily Tidings and on the City's Website providing 30 days for eligible applicants to submit qualifications for funding. The City shall review all applications received to determine if the applications meet the City's threshold criteria. If the criteria are met then the funds are awarded to, or reserved for, the applicant. Funds available through the NOFA process are awarded on a first come, first served basis, until reaching the annual funding cap. A reserve award granted to an applicant may be rescinded by the City if the applicant does not undertake the activities identified in response to the NOFA in advance of the City's issuance of another RFP or NOFA.

- 7.2.a** On an annual basis the City shall determine the amount of funds available to be distributed through a NOFA procedure
- 7.2.b** In no case shall the amount disbursed through the non-competitive process exceed 10% of the annual AHTF revenue in a given program year.

- 7.2.c** The City of Ashland recognizes that the nature of affordable housing development acquisition of property is often opportunity dependant. Further many nonprofit housing developers lack the resources to undertake feasibility studies, due diligence inspections, preliminary drawings and other activities required to evaluate potential projects as well as apply for project financing.
- 7.2.d** To enable non-profit organizations, community development organizations, the Housing Authority of Jackson County, and the City of Ashland, to be responsive to opportunities outside of the annual Request for Proposals timeline, the City may reserve a portion of Affordable Housing Trust Funds to support pre-development activities.
- 7.2.d.1** 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, and payment of permit application fees may be supported through a non-competitive award of a predevelopment grant that may be required to convert to a loan if the project receives full funding.
- 7.2.d.2** For-profit developers are not eligible to apply for Ashland's Affordable Housing Trust Funds to assist with predevelopment costs.
- 7.2.e** The City of Ashland is eligible to utilize the funds reserved for the NOFA process to conduct eligible activities as described in Section 3.
- 7.2.f** The City may fund through a NOFA process an ongoing down-payment assistance program, rental assistance program, education program, rehabilitation program, or other programs intended to increase housing opportunities for Ashland's low-moderate income residents which are administered by a non-profit or governmental organization.

Section 8 AHTF Grant or Loan Award Threshold and Selection Criteria

- 8.01** The project is considered an eligible use or activity under Section 3, and benefits households earning less than 120% the Area Median Income.
(threshold verification)

- 8.02** If the project is related to the provision of technical assistance to affordable housing providers, the use of Ashland Housing Trust Funds functions to increase the capacity of the organization to specifically address the mission of the AHTF. (threshold verification).
- 8.03** Affordable Housing Trust funds shall be limited to the minimum amount necessary to complete the project. The lower the percentage of AHTF funds requested, relative to the full project costs, the higher ranking the project shall be given.
- 8.04** The project addresses the unmet housing needs as identified in the Ashland Housing Needs analysis or Consolidated Plan.
- 8.05** The lower the income level that is targeted for the benefiting households, the higher the ranking the project shall be given.
- 8.06** 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.
- 8.07** 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.
- 8.08** 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.
- 8.09** The project maximizes partnerships in the community (volunteers, in-kind contributions, cash contributions, multiple organizations 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 time line 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 (Community Development Block Grants or HOME) they should carefully review procurement requirements and limitations before obtaining a purchase option.
- 8.15** That relocation of existing residents will be minimized, and when necessary the applicant has included accurate relocation assistance costs as part of the project pro forma.
- 8.16** The proposal demonstrates that Ashland 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 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. This resolution was duly PASSED and ADOPTED this 16 day of September, 2008, and takes effect upon signing by the Mayor.



Barbara Christensen, City Recorder

SIGNED and APPROVED this 23 day of September, 2008.


David Chapman, Council Chair

Reviewed as to form


Richard Appicelli, City Attorney