



McMinnville Urban Renewal Agency c/o
COMMUNITY DEVELOPMENT DEPT.
231 NE Fifth Street
McMinnville, OR 97128
(503) 434-7311
www.mcminnvilleoregon.gov

MCMINNVILLE URBAN RENEWAL AGENCY DEVELOPMENT LOAN/GRANT PROGRAM

PROGRAM SUMMARY AND APPLICATION

Purpose:

Provide an ongoing source of gap financing for new construction or substantial rehabilitation projects that provide an immediate increase in assessed value and support additional goals identified in the McMinnville Urban Renewal Plan.

Loans are available up to 20% of construction costs, cannot exceed \$100,000 and are subject to funding availability.

Qualifying Projects:

Qualifying projects must satisfy ALL of the following conditions:

- Be located within the boundaries of the McMinnville Urban Renewal District. Please see attached map.
- Be new construction or substantial rehabilitation projects that increase assessed value and create jobs.
- Comply with all federal, state and city codes.
- Leverage at least four dollars of private investment for each dollar of urban renewal financing.
- Address two or more of the following urban renewal strategy goals:
 1. **ECONOMY:** Encourage the economic growth of the Area as the commercial, cultural, civic, and craft industry center for McMinnville.
 2. **ENCOURAGE A UNIQUE DISTRICT IDENTITY:** One intent of the Plan is to enhance the physical appearance of the district, create a pedestrian environment that encourages the development and redevelopment of active uses such as shopping and entertainment, and support commercial, civic, and craft industrial business activity.

DOWNTOWN COMMERCIAL CORE

The downtown commercial core should be a regional destination as well as the commercial center for the citizens of McMinnville. Its identity should enhance and preserve the qualities of the downtown, including its historic heritage, that make it an economically healthy, attractive, and unique environment for people to live, work, shop, and socialize.

NORTHEAST GATEWAY

The Northeast Gateway area should be a unique destination that reflects the authenticity of historic and current uses within the area – a place where things are crafted, experienced, and enjoyed, and a place where you can live, work, and play.

3. HOUSING: Promote development of affordable, quality housing in the Area. Promote a residential development pattern that is land intensive and energy efficient, provides for an urban level of public and private services, and allows unique and innovative development techniques to be employed in residential designs.
4. HISTORIC PRESERVATION: Enhance sites and structures of historical, cultural and/or architectural significance.
5. DEVELOPMENT AND REDEVELOPMENT: Pursue development and redevelopment opportunities that will add economic, civic, craft industry, and cultural opportunities for the citizens of McMinnville, economically strengthen the Area, and attract visitors to the Area.

Ineligible Projects: The following types of projects are not eligible for the loan program.

- Minor maintenance or aesthetic improvement projects not associated with larger rehabilitation work
- Tenant improvement projects not associated with larger rehabilitation work that otherwise would qualify the project.
- Residential projects unless they are 4 units or more, or mixed-use projects.
- Projects that will dislocate existing residents or businesses
- Land or building acquisition loans

Key Terms:

(These can be applied at the discretion of the McMinnville Urban Renewal Board)

- Interest rate of Wall Street Journal Prime rate at time of issuance of loan commitment or as determined to be in the by the City and the Urban Renewal Board at its sole discretion.
- Except when deemed by the Urban Renewal Board to be both necessary for the success of the project and in the best interest of the City and the Urban Renewal District, loan cannot exceed 20% of construction costs.
- Borrowing entity must have 10% equity in project.
- Interest only payments during construction.
- Draw down loan (i.e. interest accrues only on portion drawn).
- Pay-in commensurate with construction progress or as negotiated.
- Loan will be secured by lien on real estate,
- Personal guaranty required,
- 15-year term starting at earlier of completion of construction or final draw

Conditions and Considerations:

1. All projects are to be approved by the McMinnville Urban Renewal Board, following a recommendation to approve, approve with conditions, or deny by the McMinnville Urban Renewal Advisory Committee (MURAC) Review Subcommittee. The project must be found to meet the program criteria and underwriting criteria **and** to be in the best interest of the City and the Urban Renewal Agency.
2. If the Property is located within the Downtown Design Overlay District, the City and its designated committees/commissions and/or the McMinnville Downtown Association Design Review Subcommittee will review the plans for conformance with the Design Overlay District Standards.
3. Loan decisions, underwriting standards, loan terms and collateral requirements will be entirely at the discretion of the City. The project must be feasible and have an acceptable prospect of repayment.
4. The City of McMinnville will lien the property for the value of the loan. The City of McMinnville may request a title report on the property, which will be subject to attorney review at the discretion of the City Manager. In addition to the lien, property owners must sign a promissory note and guaranty for the repayment of the funds. The Urban Renewal Agency may deny any loan based on the Title Report or the number of liens upon the property.
5. All loans made under this program are subject to availability of program funds. Once the loan is repaid, the lien will be released from holding.
6. All projects shall comply with the City of McMinnville Development and Building Code, including the historic preservation provisions if applicable.



Office Use Only: File No. _____ Date Received _____ Received by _____

CITY OF MCMINNVILLE URBAN RENEWAL BOARD DEVELOPMENT LOAN/GRANT PROGRAM INTAKE FORM

PROJECT NAME: _____

NEW CONSTRUCTION: _____ **EXPANSION:** _____ **REHABILITATION:** _____

BRIEF DESCRIPTION OF PROJECT: _____

AMOUNT REQUESTED: _____ **TOTAL PROJECT COSTS:** _____

1. Applicant

Name: _____

Address: _____

Wk. Phone: _____ Hm. Phone: _____ Cell Phone: _____

Legal Form: Sole Proprietorship Partnership Corporation

Limited Liability Entity Profit Non-Profit

Social Security Number/Tax ID Number: _____

2. Property to be Developed or Redeveloped

Address: _____

Tax Map / Lot Number: _____

Property name (if any): _____

3. Owner of Property (If not applicant)

Name: _____

Address: _____

Phone: _____

4. Development Program (if new construction)—Summarize proposed development including square footage by proposed occupancy, proposed site improvements, other key project components.

5. Substantial Rehabilitation Program (if adaptive reuse) Describe all major building systems to be rehabilitated or replaced and proposed occupancy. If existing tenants will be effected describe plans to minimize impacts on tenants during construction.

6. Historic Resources- Describe if building or property has any historic resources and plans to comply with requirements associated with historic resources.

7. Design Review Consistency— Describe if building is located within the Downtown Design Overlay Zone and plans to ensure building meets requirements for this district.

8. Budgeted Project Costs:

Property acquisition:	\$
Demolition (if any):	\$
Environmental Remediation (if any):	\$
Hard Construction Costs:	\$
Third Party Consultant Fees:	\$
Fees Paid to Any Related Party*:	\$
Financing Fees (application fees, origination fees):	\$
Construction Period Interest and Carrying Costs:	\$
Other (please specify): _____	
Other (please specify): _____	
Other (please specify): _____	\$
TOTAL PROJECT COSTS:	\$

*Including Developer Fees and any financing or consulting Fees to be paid to a party with an identity of interest with applicant or property owner.

9. Proposed Sources:

Existing land or building value (if property owned by applicant):	\$
Other owner equity (should be 10% of project costs minimum):	\$
Tax credit equity (i.e. New Market, Historic, or Low Income Housing Tax Credits):	\$
Conventional Loans:	\$
Subsidized Loans:	\$
Redevelopment Opportunity Fund Loans:	\$
Other sources (please specify): _____	\$
Other sources (please specify): _____	\$
Other sources (please specify): _____	\$
TOTAL PROJECT COSTS:	\$

10. Team Members:

General Contractor (if selected)

Firm: _____

Primary Contact: _____

Address: _____

Phone: _____ Cell Phone: _____ Email: _____

Legal Form: Sole Proprietorship Partnership Corporation
Profit Non-Profit

Tax ID Number: _____

CCB# _____

Is there an identity of interest with Applicant or Property Owner? _____

Property Manager/Operator (if selected)

Address: _____

Phone: _____ Cell Phone: _____ Email: _____

Legal Form: Sole Proprietorship Partnership Corporation
Profit Non-Profit

Tax ID Number: _____

Is there an identity of interest with Applicant or Property Owner? _____

Primary Lender (if identified)

Bank: _____

Primary Contact: _____

Address: _____

Phone: _____ Email: _____

Tax ID Number: _____

Secondary Lender (if identified)

Bank: _____

Primary Contact: _____

Address: _____

Phone: _____ Email: _____

Tax ID Number: _____

CERTIFICATION BY APPLICANT

The applicant certifies that all information provided in this application is true and complete to the best of the applicant’s knowledge and belief. If the applicant is not the owner of the property to be rehabilitated, or if the applicant is an organization rather than an individual, the applicant certifies that he/she has the authority to sign and enter into an agreement to perform the proposed work on the building. Evidence of this authority must be attached.

Applicant Signature: _____ Date: _____

STATE OF OREGON)
) ss.
County of Yamhill)

This instrument was acknowledged before me this ____ day of _____, 202_, by
_____ as the _____ of _____, an Oregon
_____.

Notary Public of Oregon
My Commission Expires: _____

Return Application To:

Heather Richards
Community Development Director
City of McMinnville
231 NE 5th Street
McMinnville, OR 97128

Heather.Richards@mcminnvilleoregon.gov

Checklist Items for Underwriting Approval

Underwriting Review:

Prior to committing Urban Renewal Funds to a project, the Urban Renewal Agency will make a determination as to whether the project adequately supports urban renewal goals, is feasible, poses an acceptable risk to the agency and is in the best interest of the City and the Agency. In order to make this determination, the Agency may require the following items. Please meet with the Planning Director to determine what will be required.

- **Market Analysis:** A third party market analysis prepared to prevailing professional standards identifying at minimum: demand for product, primary market, competitors, achievable rents/room rates/ticket prices, and anticipated capture rate. (This requirement may be waived for public projects.)
- **Appraisal:** A third party appraisal prepared to current Uniform Standards of Professional Appraisal Practice (USPAP) standards identifying land and stabilized improvement value, expected operating income, expected operating expenses, and expected net operating income. Appraisal should include consideration of cost, sales comparable, and income approaches to determination of value.
- **Financial Proforma:** Developer's financial proforma identifying sources and uses, monthly cash flow during construction period, and annual cash flow waterfall from start of start of construction through year 20 of stabilized operations.
- **Environmental Analysis:** Phase I ESA meeting current ASTM standards completed in past 180 days and reflecting current site conditions. The cost of mitigating any identified environmental risks must be specifically addressed in the financial analysis and construction contract.
- **Development Team History:** Narrative history and schedule of experience developing projects for similar uses and scope. Primary applicant should provide a schedule of any commercial real estate projects currently owned including occupancy and debt service coverage ratios. Executive officers of applicant must authorize a personal background check.
- **Development Team Financial Capacity:** Equity source must provide certified financial statement, schedule of real estate owned, and verification of account balances to demonstrate capacity to fund required equity contribution as well as potential cost overruns.
- **Property Management Experience History:** Proposed property manager must be identified and have successful track record of operating similar facilities. Please provide a narrative history of company and schedule of properties under management including occupancy and current debt service coverage ratios.
- **Preliminary Property Management/Operator Agreement-** Agreement should specify services provided by Manager as well as fee schedule.
- **Construction Plans:** Copy of plans submitted for building department approval.
- **Physical Condition Needs Assessment:** For all adaptive reuse projects, a PCNA Report shall be prepared which shall identify the condition of all building systems and include a schedule of anticipated capital repairs for a 20-year period.
- **General Contractor Experience History:** The general contractor must demonstrate a track record of successfully completing similar projects and the capacity to complete the proposed project. The contractor shall provide a history of completed projects from the last 5 years with

references and a financial statement indicating sufficient capitalization to complete the project. In cases where there is a related party interest between the General Contractor and the Developer, the Agency will require a separate third party construction cost review.

- **Construction Bid** including draft construction contract.
- ***Third Party Construction Cost Review.** Review of plans and construction costs to be engaged by City. City may agree to utilize reviewer engaged by primary lender.
- **Financing commitments:** Executed commitments from other lenders indicating the amount, interest rate (or interest rate index), term and special conditions are required.

The City reserves the right to engage its own reports or analyses to verify or clarify information provided by Applicant or consultants engaged by the applicant.

Checklist Items for Closing

Prior to closing the City will at minimum require the following items:

- **Executed Construction Contract and General Conditions:** An executed fixed price contract and general conditions in a form acceptable to the Urban Renewal Agency (preferably AIA Form 101-1997) with construction schedule consistent with financial projections required as a condition for closing.
- **Final Construction Drawings approved by Building Department**
- **Building permit**
- **Final financial projections from project**
- **Executed financing commitments from all sources (including equity) from all sources consistent with financial projections**
- **Personal guaranty to repay loan from Applicant**
- **Executed operating/management agreement between developer and proposed operator/property manager with management fees consistent with financial projections.**
- **Executed Development Loan Agreement and related documents.**
- **Other documents as required by the specific nature of the project**

Construction Period Review

During the construction period, City or its Construction Management Consultant will participate in all construction progress and draw request meetings. Draw requests will be approved upon confirmation that work being paid for is complete and built as per approved plans.