

Construction Excise Tax (CET) Funding Request Application

Overview of Program

On April 26, 2022, City Council adopted Ordinance 5112 establishing an Affordable Housing Construction Excise Tax (CET) to address affordable housing needs for citizens earning 80 percent or less of McMinnville's area median income¹. Unless subject to an exemption under MMC Section 3.30.040, each person who applies for a building permit for real property located in the City of McMinnville pays a construction excise tax.

On January 10, 2023, City Council adopted Resolution No. 2023-02 establishing a role for the Affordable Housing Committee in making recommendations to City Council for use of CET Funds. The Affordable Housing Committee worked with City staff to develop this current funding request process. Adjustments and improvements are anticipated over time, as needed. The program webpage and application materials will be updated to reflect any modifications to the program and process. Please make sure to download the most recent version of the application documents from the City's webpage before submitting a request.

Funding Availability

As City facilitates the "semi-annual" process, this section will be updated with exact available funds)

Per the City's 2026 Adopted Budget, there is **\$1,240,940** available for distribution. There is **\$652,420** available for **Developer Incentives**, and **\$588,520** available for **Affordable Housing Programs**. Depending on the proposals received, the City may award the full available amount, or may retain funds for future use.

Eligibility

- All proposals must provide housing for households earning 80% or less of the Area Median Income (AMI)
 - For Projects Building New Housing: Awarded proposals shall record a deed restriction that requires the property remain affordable housing for a period of no less than sixty (60) years from the date of restriction.
- The entirety of proposed projects and programs must be located in or benefit households located only within McMinnville city limits.
- The funding request must be a part of a program or project that is organized by an organization, agency, or development team.

¹ "Area Median Income" means the Yamhill County median household income by household size as defined by the United State Department of Housing and Urban Development and published periodically.

- The City will not review applications submitted for projects that only serve the needs of an individual (1) housing unit.
- Projects that support or provide a minimum of twenty (20) affordable dwelling units will be prioritized for funding. Projects with fewer units may still apply.

Use of CET Funds (MMC 3.30.090)

City of McMinnville CET funds may be used to support two (2) different categories of funding that help support the provision of affordable housing options.

1. The City may fund **Developer Incentives** allowed or offered pursuant to ORS 197.309(5)(c) and (d) and 197.309(7), including but not limited to:
 - system development;
 - land acquisition; and/or
 - local public improvements required by municipal governments.
2. The City may fund **Affordable Housing Programs** in accordance with Section 9, Chapter 59, Oregon Laws 2016, including but not limited to:
 - rent buy-downs and subsidies;
 - down-payment assistance;
 - foreclosure-prevention assistance; and/or
 - preservation of existing affordable housing

"Affordable housing"

Affordable housing means housing for households that earn no more than 80 percent of the area median household income.

Deed Restriction Requirement

Any affordable housing unit built or purchased with construction excise tax funds shall have recorded in its chain of title a deed restriction that requires that the property remain "affordable housing" as defined by this Chapter, for a period of no less than 60 years from the date of restriction.

Review Process and Anticipated Timeline

Please be aware that this timeline is subject to change

Process Step	Dates/Timeline
1. Application Period Opens	Wednesday July 1st
2. APPLICATION PERIOD CLOSSES	MONDAY AUGUST 17TH at Midnight
3. Selection Committee Review	Tuesday August 18th - Friday September 18th
4. Interviews, as needed	Monday September 28th – Friday October 9th
5. Notice of Selection Committee's Recommendations	Monday October 12th - Friday October 15th
6. City Council Meeting for Authorization to Award Funding	Tuesday October 27th
7. Contracting and Agreement Finalization	

Review and Selection Criteria

The Construction Excise Tax program is intended to support unique projects that will make a meaningful impact on housing challenges facing McMinnville. The Affordable Housing Committee determined that CET funds should be awarded to projects that will use CET funds in the most efficient way possible or projects that may “fall through the cracks” of typical funding sources that are available through State and Federal programs.

Additionally, proposals that offer the best value for the benefit that they are providing will be most competitive for funding awards. The following criteria will be used by the Selection Subcommittee to review proposals and determine if funds should be awarded, and whether or not they recommend award the full funding request or a portion of the request based on the strength of the application. Applicants should provide responses to the criteria below to make their case of why they believe the project deserves to be awarded the funding.

Developer Incentives Funding (pages 4-5)

- Essential Criteria for all proposals – Evaluated on 100 point total
 - Proposals that will displace or impact current residents must provide a response to **Resident Relocation Criteria**
- Priority Outcomes – 35 possible bonus points

Affordable Housing Programs Funding (pages 6-7)

- Essential Criteria for all proposals – Evaluated on 100 point total
- Priority Outcomes – 20 possible bonus points

Developer Incentives Funding - Essential Criteria	Points (100 total)
1. <u>Completeness and Quality of Submittal Document</u> - Professionalism (grammar, spelling, formatting, visuals) - Robust responses to all application requirements.	5 points
2. <u>Consistency with Purpose of CET Funding</u> - Proposal addresses a unique need that is responsive to locally recognized housing barriers. - Production of new affordable housing units through new construction or renovation/remodel. - Aligns with City's long range planning efforts, including the Great Neighborhood Principles. - Preference will be given to projects providing 50 percent of units in a development for households earning less than 50% of the area median household income. - Averaging incomes to achieve 50% is allowed (ex. 80% / 30% = 50%) - May include permanent supportive housing models	15 points
3. <u>Readiness to Proceed</u> - Evidence of agreements or contracts to execute the proposed project. - 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, review procurement requirements and limitations before obtaining a purchase option. - Clear permitting plan in place, if applicable.	25 points
4. <u>Relevant Experience and Expertise of Applicant Team</u> - Demonstrated success in affordable housing development. - Proven ability to access funding resources to development and complete projects comparable in size to the one being proposed. - Supplemental programs and services to support residents. - Successful partnerships with non-profit organizations, service providers, public agencies, or D/M/W/ESB/SDVBE² businesses.	30 points

² "D/M/W/ESB/SDVBE" means a business that is Disadvantaged, Minority-Owned, Women-Owned, Emerging Small Businesses, and/or Service Disabled Veterans Business Enterprises.

5. <u>Financial Planning and Due Diligence</u> • The project utilizes existing resources in effective and innovative ways. • The budget and timeline are thorough and realistic (evidence of construction and/or service costs is required with application) • Maximizes community connections (volunteers, in-kind contributions, cash contributions, etc.) • Demonstrate that CET funds are the most appropriate source for the project. Provide a description of a financing gap that includes funding sources or demonstrates budget constraints that limit the ability to pay or finance projects. • Provide evidence as to why the proposal could not be funded solely through existing State and Federal programs. If this project requires local matching to access these programs, please respond to “Bonus Points for Leveraging Funds Efficiently” criteria.	25 points
Resident Relocation Plan Criteria (Required, if applicable) (Must provide response if current residents will be displaced or impacted)	Required
• Relocation of existing residents will be minimized, and when necessary, include relocation assistance costs as part of the project pro forma. • Provide a clear housing stability plan, including timeline, for existing residents to avoid displacement.	
<u>Priority Outcomes</u> (“Bonus” points available)	Points (35 total)
<u>Efficient Leveraging of Funds</u> • Provide detailed evidence that “local matching” from CET funds would enable or greatly increase access to additional funding sources.	10 points
<u>Serving Historically Marginalized Communities</u> • Provide detailed strategies to identify how this proposal will serve populations that have historically experienced exclusion, discrimination, and inequitable distribution of resources and wealth-building opportunities and programs.	10 points
<u>Homeownership Opportunities</u> • Proposal provides homeownership opportunities affordable to 80 percent or less of McMinnville's area median income, including community land trust models • Does not include manufactured/mobile home development that does not allow ownership of land	10 points
<u>Accessible Design</u> • Goal: 25-30% of total units • Stepless entrances/visitability • Mobility accommodations • Single-level units • Interior widths (32” doorways, 36” inch hallways)	5 points

Affordable Housing Programs - Essential Criteria	Points (100 total)
1. <u>Completeness and Quality of Submittal Document</u> - Professionalism (grammar, spelling, formatting, visuals) - Robust responses to all application requirements.	5 points
<u>Consistency with Purpose of CET Funding</u> - Proposal addresses a unique need that is responsive to locally recognized housing barriers. - Retention of existing affordable housing units. - Reduces barriers to homeownership or rental. - Aligns with City's long range planning efforts, including the Great Neighborhood Principles. - Preference will be given to projects providing 50 percent of units in a development for households earning less than 50% of the area median household income. - Averaging incomes to achieve 50% is allowed (ex. 80% / 30% = 50%) - May include permanent supportive housing models	15 points
2. <u>Readiness to Proceed</u> - Evidence of connections with clients or partners to execute the program's outcomes. - Evidence of agreements or contracts to execute the proposed project.	25 points
3. <u>Relevant Experience and Expertise of Applicant Team</u> - Demonstrated success in affordable housing programming. - Proven ability to access funding resources to facilitate programs comparable to the one being proposed. - Supplemental programs and services to support residents. - Successful partnerships with non-profit organizations, service providers, public agencies, or D/M/W/ESB/SDVBE³ businesses.	30 points
4. <u>Financial Planning and Due Diligence</u> - The project utilizes existing resources in effective and innovative ways. - The budget and timeline are thorough and realistic - Maximizes community connections (volunteers, in-kind contributions, cash contributions, etc.) - Demonstrate that CET funds are the most appropriate source for the project. Provide a description of a financing gap that includes funding sources or demonstrates budget constraints that limit the ability to pay or finance projects. - Provide evidence as to why the proposal could not be funded solely through existing State and Federal programs. If this project requires local matching to access these programs, please respond to "Bonus Points for Leveraging Funds Efficiently" criteria.	25 points

³ "D/M/W/ESB/SDVBE" means a business that is Disadvantaged, Minority-Owned, Women-Owned, Emerging Small Businesses, and/or Service Disabled Veterans Business Enterprises.

<u>Priority Outcomes</u> (“Bonus” points available)	Points (20 total)
<u>Efficient Leveraging of Funds</u> • Provide detailed evidence that “local matching” from CET funds would enable or greatly increase access to additional funding sources.	10 points
<u>Serving Historically Marginalized Communities</u> • Provide detailed strategies to identify how this proposal will serve populations that have historically experienced exclusion, discrimination, and inequitable distribution of resources and wealth-building opportunities and programs.	10 points