

# Springfield Land Acquisition Funding Guidelines

## I. Purpose

As part of the City of [Springfield's Housing Strategy](#), City Council has directed staff to acquire land and help developers acquire land suitable for development as income-qualified housing for households with low incomes. In support of that effort, the City has received one-time American Rescue Plan Act (ARPA) funds from Lane County for land acquisition in Springfield for the development of housing to serve low-income households and/or people currently experiencing homelessness. The funds were originally awarded to Lane County by the Oregon Legislature and Senator Beyer in 2021. In addition to looking for land to purchase with the funds, the City is making funding available to qualified applicants to purchase land in Springfield suited for the development of income-qualified housing development.

The City has **approximately \$900,000 available**. Funds will be awarded as a forgivable loan, forgivable upon completion of a 20-year affordability period. To be eligible for an award of funds, applications must meet several eligibility criteria. This forgivable loan application process is intended to assist with site acquisition for use as income-qualified housing for low-income and/or homeless households; it is not a short-term acquisition bridge financing program. Application does not guarantee funding. Funds are only available for purchasing property and may not be used for due diligence or design feasibility. Property purchased with these funds may be used for the development of income-qualified rental or homeownership housing.

The City requests applications from public agencies, non-profit organizations, and private developers to address housing needs in the community. This application process may close at any time once available funds have been allocated.

## II. Minimum Eligibility Criteria

The following minimum criteria must be met to be considered for funding:

- Site must be located within the City of Springfield city limits or be capable of being annexed into the City upon purchase.
- Applicant must have a binding contract for the property (option agreement or purchase and sale agreement).
- Award amounts shall not exceed a 90% loan to appraised value ratio. The City will accept option or sales agreements supported by tax assessment documentation or broker opinions as preliminary land value proof at time of application. An appraisal will be required prior to closing on the loan award and may impact the award amount.
- Funding is only available for land. If there are onsite improvements, the City will award funding based on value of land.
- Funds are only available for the cost of acquiring the real property, including closing costs.
- The site must be used to construct housing for which the primary purpose is serving households with low incomes. **“Households with low incomes”** is defined as less than or equal to 80% of the Department of Housing and Urban Development “HUD” area median income “AMI” for Eugene-Springfield.
  - For this funding, **“Primary Purpose”** means that at least 51% of units will be reserved for households with low incomes for the duration of the required affordability period.
- Income-qualified housing constructed on the property must be reserved for households with low incomes (less than or equal to 80% of the HUD AMI) for 20 years, the **“Affordability Period.”**

The restrictions must be documented in a form acceptable to the City of Springfield City Attorney's Office, including but not limited to, restrictive covenants, recorded at the applicant's expense against the property receiving funding.

- At least four new dwelling units reserved for households with low incomes must be built on the property. Housing must be developed on the property and placed into service within eight years of closing as outlined in these guidelines.
- Land must be retained in a singular underlying ownership after housing is built. For homeownership projects, land may be in a community land trust, manufactured dwelling park, or similar ownership structure approved by the City Attorney's Office.
- Applicant must have previous experience developing or managing income-qualified housing.

### **III. Submission and Review Process**

1. Staff will accept applications on a rolling basis until funds are fully allocated. Prospective applicants are encouraged to check on funding availability with staff before applying.
2. Staff will review each proposal for completeness and compliance with minimum eligibility criteria. Applications will be considered for funding in the order they are received and determined to be complete.
3. A committee of staff will review complete applications. Reviewers will use evaluation criteria to score applications. These scores will be averaged to determine whether an application is qualified for funding.
4. Staff will work with approved applicants on awarding funding and follow-up monitoring to ensure awardees remain compliant with funding requirements.

### **IV. Application Submission Requirements**

Applications for funding must include the following information. Applications will not be considered complete until all information is received. Applicants are expected to provide the requested information in the order presented below. Applications will be evaluated based on the detail and clarity of the information provided.

- Application Summary Form
- Applicant Description- Please provide a 2-page maximum (excluding project list) narrative of:
  - **History and Mission:** Discuss the history and mission of your organization and any project partners.
  - **Development Experience:** Describe your previous experience in the development and/or management of income-qualified/affordable housing. Include a list of income-qualified housing projects with which you have been involved. Please include completed and current or on-going projects. The project list should illustrate your experience with projects similar in scope and size to the project proposed in this application and demonstrate your track record with financing development and/or operating costs of income-qualified housing projects. For each project include the name, location, applicant's role in the project, project description (type, size, scope, affordability/income restriction level, sources of financing, project status).

- **Financial Capacity:** Describe your organization’s financial stability as it pertains to the capacity to successfully complete the project.
  - **Project Team:** Description of the project team, including relevant experience of any key team members.
  - **Other:** Include any other relevant information you would like considered which demonstrates your capacity to carry out the proposed project.
- Project Proposal- The City understands that applicants’ development plans are in a concept phase and may be subject to change. Although not required, applicants are strongly encouraged to schedule a Development Initiation Meeting (DIM) prior to applying. Include a narrative of the following:
    - **Site Description:** Please describe the site including any existing improvements
    - **Site Suitability:** Describe the features of the site that make it suitable for the proposed purpose, including:
      - Access to transportation
      - Proximity to amenities and services
      - Availability of infrastructure
      - Natural hazard considerations
      - Description of any steps needed to make the site eligible for the intended purpose (such as annexation, zone change, etc.)
      - Description of any barriers to development of the site and plans to address those barriers
    - **Proposed Development Plan:** Describe your preliminary plans including:
      - Housing type, number of units
      - Tenure and affordability/income restriction levels for units
        - For homeownership projects please describe ownership structure (See minimum eligibility requirements for homeownership projects above.)
      - Affordability period and plan for securing
      - Preliminary designs and site plans (as available)
      - Description of and plan for serving target population (if applicable/known)
      - Timeline for development including estimated completion date and any foreseeable issues that may disrupt the timeline
    - **Project Financing:** Please describe plans for financing of the project (for both construction and operations), including both private and public funding sources the applicant has secured and/or plans to pursue and a timeline for securing funding
    - **Project Affordability:** Please describe how you will make at least 51% of units affordable to households with low incomes during the affordability period and identify expected rents or home owner purchases costs.
- Proof of site control documented by an option to purchase or purchase and sale agreement.
  - Preliminary supporting documentation for funding amount requested. This may be a broker opinion letter or tax assessment documentation. A third-party appraisal will be required before closing.

## V. Application Evaluation Criteria

Applications will be evaluated in six (6) areas using a five-point scoring system for each category. To be eligible for funding, an application must demonstrate compliance with all minimum eligibility criteria (see Section II) and must achieve a score of 3 or above in each category upon the averaging of all reviewer’s scores.

5 points = Exceptional

4 points = Very Good

3 points = Acceptable

2 points = Needs Improvement

1 point = Unacceptable

<b>Category</b>	<b>Evaluation Criteria</b>
<b>Project Concept</b>	<ul style="list-style-type: none"> <li>• Applicant’s plans for the site are clearly defined, realistic in scope, location, need, and meet the objective of this funding to create housing to serve low-income/homeless households, including demonstration of an effective plan for ensuring affordability period of at least 20 years. Plan demonstrates an effective use of the site to maximize impact on housing need (this may be balanced with special needs of a target population as identified and explained).</li> </ul>
<b>Project Financing</b>	<ul style="list-style-type: none"> <li>• Applicant demonstrates a feasible plan for financing the remainder of the project (construction and operation), including identification of secured sources of funding and funding applicant plans to pursue in the future and timeline of those applications.</li> </ul>
<b>Project Affordability</b>	<ul style="list-style-type: none"> <li>• Applicant demonstrates a feasible plan for making housing units affordable to households with low incomes for the affordability period.</li> </ul>
<b>Site Suitability</b>	<ul style="list-style-type: none"> <li>• Applicant demonstrates strong understanding of the strengths and constraints of the project site.</li> <li>• Applicant has addressed how it plans to mitigate any site-specific barriers to development of income-qualified housing.</li> <li>• Proposal appears feasible on proposed site under the City’s code requirements (allowed use, density, etc.).</li> </ul>
<b>Capacity to Complete</b>	<ul style="list-style-type: none"> <li>• Applicant has track record of developing and/or managing income-qualified housing projects. Reviewers will look for:               <ul style="list-style-type: none"> <li>○ Experience developing and/or managing projects in Oregon</li> <li>○ Experience developing and/or managing the type of housing proposed</li> <li>○ Experiencing serving a target population (if identified)</li> <li>○ Experience with financing development and/or operation of income-qualified housing projects</li> </ul> </li> <li>• Applicant demonstrates financial capacity to complete the project.</li> <li>• Applicant demonstrates staff capability and capacity to successfully implement the project.</li> </ul>

<p><b>Project Readiness</b></p>	<ul style="list-style-type: none"> <li>• Applicant has a clear and realistic project timeline that demonstrates readiness to implement a project in a timely manner upon funding award.</li> <li>• Demonstrates ability to complete project within required period for this funding (8 years).</li> </ul>
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**VI. Other Requirements**

**Purchase and Sale Agreements:** Property already purchased or donated does not qualify for funding under this application process. Any property with a cost reimbursement agreement is not eligible for financing. The City will not approve any applications with option agreements or purchase sale agreements signed longer than 12 months prior to the application date.

**Arm’s Length Transactions:** Loans will not exceed actual buyer costs and all transactions must be arm’s length. Transactions involving any “identity of interest” are not eligible for funding. Identity of interest is defined as any relationship where the purchaser and seller are related, connected and/or affiliated through a business, personal, or financial relationship.

**Use of Purchased Property:** Funds are only available to purchase property where the primary purpose will be to provide income-qualified housing for low-income and/or homeless households. Funding will be limited to acquisition for the purpose of new construction.

**Application Deadlines:** Funds are available until allocated or until the application process is closed. Applications will be considered for funding based upon the availability of funds. Partial awards may be considered. The intent of the application process is to respond quickly to the potential needs of applicants to secure sites as they become available given the urgent need for housing that is affordable and competition for limited developable land.

**Loan to Value:** There is no maximum award amount on forgivable loans subject to fund availability, but forgivable loans will not exceed 90% loan to appraised value. Applicants are required to submit an option or sales agreement supported by tax assessment documentation or a broker opinion with the application to indicate preliminary loan to value compliance. If awarded funds, applicant will be required to obtain an appraisal at the applicant’s cost. Awards may be revised based on the findings of the appraisal.

**Other Due Diligence:** Applications awarded conditional funding approval will be required to obtain a preliminary title report, and phase one environmental report for the City to review prior to receiving the funds (at the applicant’s expense). The City reserves the right to revise or rescind funding awards or require additional due diligence documentation based on the findings of these reports.

**Forgivable Loan Terms:** Funds will be awarded as a forgivable loan, forgivable upon completion of a 20-year affordability period which begins at certificate of occupancy. Housing must be developed on the property and placed into service within eight years of closing on a purchase or funds become immediately and fully repayable subject to the terms described in the *Failure to Meet Terms* section. Housing that does not satisfy the full 20-year affordability period will be subject to loan repayment on the following terms:

- Full repayment of loan if housing does not remain restricted to households with low incomes for at least 10 years.
- Starting at the completion of 11 years, 10% of loan is forgiven for each full year that housing remains restricted to households with low incomes beyond the initial ten years.

Required Reporting: Award recipients are required to provide a semiannual update on project progress utilizing the City-provided form. Completed forms are due by February 1 and August 1 each year. Default procedures may be commenced on recipients that do not submit timely progress forms.

Updated Project Plan: Within three years of receiving an award, a recipient must present the City with an updated development plan, including a proposed development design, committed and anticipated additional financial resources to be dedicated to the development and an estimated development schedule that indicates completion of the development within eight years of closing on the property. Default procedures may be commenced on recipients that do not submit updated project information within the three-year period.

Transfer of Property: Recipients may not sell, lease (except residential leases consistent with funding requirements), or otherwise transfer property acquired without written consent of the City; award recipients must notify the City of any planned lease, sale, or transfer reasonably in advance. Upon transfer, all property will remain subject to these funding requirements.

Failure to Meet Terms: The following events will constitute a default under the funding guidelines, in addition to the failure to meet the affordability period requirements detailed above:

- The recipient does not obtain certificates of occupancy and lease or sell all housing units within the eight years of the closing date;
- The recipient fails to use the property in a way consistent with the funding requirements; or
- The recipient does not abide by any terms of their agreement or these funding guidelines.

Upon an event of default, the City will provide the recipient with a written warning and opportunity to cure the default within 30 days. For default based upon failure to meet affordability period requirements, if the default is not cured, the remedy will be loan repayment as outlined above in the Funding Guidelines. For all other instances of default, if the recipient does not cure the default in the time required, then the recipient will be required to repay the City the principal of the award plus compounded interest calculated at the 10-year constant treasury maturity rate plus 2.5% at the time of default. This provision does not limit any remedies or claims the City may have against the recipient for default of the agreement or funding guidelines.

Loan Security Position: All funding provided under these guidelines must be secured by the purchased property. The City's lien or other security shall take priority over all other liens and loans applicable to the purchased property. The City may allow subordination of its lien in favor of temporary construction funding, if the City determines in its sole discretion that subordination of the City's lien is in the overall public interest.

## **VII. Disclaimer/Decision Not To Fund**

The City has developed this funding application process with the intent of gathering information that is adequate to serve as a sound basis for decisions about funding. As an application is reviewed it may become apparent that additional information is needed from a project applicant. The City may follow up with an applicant to clarify information contained in their application, or to gather additional information. Applications deemed incomplete will be returned to the applicant and will not be further reviewed by the City.

The City reserves the right to allocate resources to any, all, or none of the applications received under this application process. The City also reserves the right to provide funds with different financing terms to any projects funded. The City may decide to not allocate all available resources.

### **VIII. Confidentiality**

Information considered confidential under Oregon law, such as trade secrets or proprietary information, may be separated for confidential handling, if marked “confidential” and delivered at the same time as the rest of the submittal. To the extent allowed under the Oregon Public Records Law, the City will attempt to maintain all confidential information as exempt from public disclosure.