

A Meeting of the Finance Committee
Newberg Centennial Redevelopment Commission

Friday, 7:00 AM

Almond Tree Restaurant

June 17, 1983

Present: Bruce Breitling, Alan Halstead, Quentin Probst

Other NCRC Members Present: LeRoy Benham, Elvern Hall

Staff Present: Mike Warren, Executive Director; Clay Moorhead, Executive Secretary; Arvilla Page, City Finance Officer

The Committee and others present reviewed Draft 1 of "Rehabilitation Loan Program of the Newberg Centennial Redevelopment Commission". The document sets long-term criteria and is separate from the previously reviewed "Application Criteria" which focuses on the initial project(s) and is intended to be short-term.

Mr. Breitling reported that he had talked with Portland regarding the "lessor of \$50,000 or...". His discussion with Portland confirmed the NCRC discussion that the goal is to have 10% equity in the after rehabilitation value. An estimated appraisal would be done before rehabilitation and a professional appraisal after the project is completed.

Mr. Moorhead described the process for application. There would be an initial review of the application by the Finance Committee and recommendation to the full Commission. Two financing options are provided. No. 1 is a loan for 50% of rehabilitation costs from NCRC with the other 50% to come from a private lender. No. 2 is a 100% loan up to \$50,000 with interest at the average of 4% plus market rate, i.e. $12\% \text{ MR} + 4\%/2 = 8\%$ rate. The first mortgage would be to the private lender and second to the agency. The loan would be for up to 20 years and is non-assumable except under extreme circumstances.

The Committee discussed the issue of non-assumability. The intent is to avoid speculators. The consensus was that the agency may approve a request for assumption, but loan assumptions will not be a practice customarily accepted by the agency. On co-loans, the bank or other private lender would investigate the ability of the borrower to repay the full amount of the rehabilitation costs.

Mr. Moorhead reported that the tax increment figures are still not available.

Those present then reviewed the Draft in detail and recommended the following changes:

Section 100 - Last paragraph...Change "for investors" to "for investor-owners"

Section 110-B-2 (a)...Clarify for "turn of the century" requirement to apply to the uptown area.

Section 110-B-3...Clarify that "mixed use" must also comply with the "turn of the century" theme.

Section 110-B-4...It was noted that the City does not have in place a program to identify historic buildings.

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Section 100-2...The language is vague. Rewrite this sub-section.

Section 130...Change "approve" to "grant".

Section 140...Delete the end of section from "...contracts" on. Insert a period after "contracts". Add "The Commission has authority to establish other conditions...".

Section 180...Change 3% to 4% and omit "plus 1.25 basis points".

Section 190-2...Consideration should be given to including a dollar amount per unit on residential rehabilitation projects.

Section 280...Other Loan Conditions:

No. 9...This language eliminates all commission members, etc. from participating even on work bids. Section needs reworking.

No. 7...Mr. Halstead pointed out that a contractor would not sign a release until after payment is received. Mr. Benham stated that eligibility should be part of the escrow agreement.

No. 10...Section needs clarification of intent. Add language to permit required fees such as Building Permit, Inspection, etc. fees.

No. 20...This sections needs further study to determine at what point competitive bidding would be required.

No. 21...Rather than a performance bond, would withhold a percentage (15%) of all receipts until the project is complete.

No. 25...Change to state that borrower/owners shall not be permitted to act as their own general contractor except under special circumstances.

Section 290...Definitions:

No. 31...Change "Manager of Real Estate" to "Chairman of Finance Committee".

The staff will make the appropriate revisions and resubmit the document to the Commission at their next regular meeting on July 13, 1983.

Meeting adjourned.