

CITY OF LINCOLN CITY

LINCOLN CITY COUNCIL AGENDA

MONDAY APRIL 27, 2020 6:00 PM

6:00 PM - The Lincoln City Council meeting for April 27, 2020 will be held via Zoom. The City Council Chambers will be open and the meeting will be broadcast live in the Council Chambers. It will also be live on Channel 4 and through streaming on the web at www.lincolncity.org.

Public comments can be submitted to publiccomment@lincolncity.org and those comments will be read aloud during the either the public comment portion of the agenda, or will be read as testimony as it relates to a Public Hearing/Public Comment agenda item. The City Recorder will be provided a copy of the comments for the official record.

Citizens present in the Council Chambers will be given the opportunity to comment via Zoom. Laptops will be set up for those comments. Citizens present in the Council Chambers will be required to observe social distancing. A member of the Information Technology staff will be present during the meeting to assist with any technical issues.

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired, for a hearing impaired device, or for other accommodations for persons with disabilities, should be made at least 48 hours in advance of the meeting to Cathy Steere, City Recorder, 541-996-1203.

The Lincoln City Council reserves the right to add or delete items as needed, change the order of the agenda, and discuss any other business deemed necessary at the time of the meeting.

All information for this meeting is available at www.lincolncity.org under "Agenda, Packets & Video". This meeting will be televised live on Channel 4. For additional rebroadcast times, please consult the Channel 4 guide on the hour.

- A. CALL TO ORDER
- B. ROLL CALL
- C. PLEDGE OF ALLEGIANCE
- D. CONSENT AGENDA
- E. COUNCIL DELIBERATIONS
- F. COMMENTS FROM CITIZENS PRESENT ON AGENDA/NON-AGENDA ITEMS
- G. PRESENTATIONS

H. PUBLIC HEARING / ORDINANCE

I. PUBLIC HEARINGS / PUBLIC COMMENTS

1. Public Hearing: Option Agreement for Disposition of City Property at NE 25th Street for Affordable Workforce Housing Development

J. ORDINANCES

K. RESOLUTIONS

2. RESOLUTION 2020-09 OPTION AGREEMENT FOR DISPOSITION OF CITY REAL PROPERTY TO NON-PROFIT ORGANIZATION FOR PURPOSES OF AFFORDABLE HOUSING
3. RESOLUTION 2020-10 A RESOLUTION AUTHORIZING AND DIRECTING BUDGET TRANSFERS FOR THE CITY OF LINCOLN CITY, OREGON IN THE 2019-2020 FISCAL YEAR BUDGET

L. SPECIAL ORDER OF BUSINESS

4. COVID-19 Emergency Aid Package
5. Economic Development Toolbox: New Economic Development Tools
6. Lincoln Square ADA Improvements & US: 101 SE 8th to SE 14th Construction Contingency Increase
7. Change to Construction Award for The Hwy 101 Sidewalk Project (SE 19th to SE 23rd)

M. CITY MANAGER/CITY ATTORNEY REPORTS

N. ACTIONS, IF ANY, BASED ON WORK SESSION OR EXECUTIVE SESSION

O. ADDITIONAL COMMENTS FROM CITIZENS PRESENT ON NON-AGENDA ITEMS

P. ANNOUNCEMENTS OR COMMENTS BY CITY COUNCIL

Q. ADJOURNMENT

Council Communication

Public Hearing: Disposition of City Property at NE 25th for Affordable Workforce Housing Development

Meeting Date:	April 27, 2020	Primary Staff Contact:	Alison Robertson
Department:	Urban Renewal	E-Mail:	alisonr@lincolncity.org
Secondary Dept:	Chandler, Richard Appicello	Secondary Contacts:	Alison Robertson, Ronald
Approval:	Ronald F Chandler	Estimated Time:	15 min

Question:

Should the City Council approve Resolution 2020-09 (later on Agenda) authorizing execution of an option agreement for the disposition of City-owned property for affordable housing purposes?

Staff Recommendation:

Staff recommends Council conduct the Public Hearing.

[Note: ORS 221.725 provides that any resident of the City must be provided with an opportunity to present oral or written testimony on the subject of the disposition of city property.]

Authority: (emphasis added)

221.725 Sale of city real property; publication of notice; public hearing. (1) Except as provided in ORS 221.727, when a city council considers it necessary or convenient to sell real property or any interest therein, the city council shall publish a notice of the proposed sale in a newspaper of general circulation in the city, and shall hold a public hearing concerning the sale prior to the sale.

(2) The notice required by subsection (1) of this section shall be published at least once during the week prior to the public hearing required under this section. The notice shall state the time and place of the public hearing, a description of the property or interest to be sold, the proposed uses for the property and the reasons why the city council considers it necessary or convenient to sell the property. Proof of publication of the notice may be made as provided by ORS 193.070.

(3) Not earlier than five days after publication of the notice, the public hearing concerning the sale shall be held at the time and place stated in the notice. Nothing in

this section prevents a city council from holding the hearing at any regular or special meeting of the city council as part of its regular agenda.

(4) The nature of the proposed sale and the general terms thereof, including an appraisal or other evidence of the market value of the property, shall be fully disclosed by the city council at the public hearing. Any resident of the city shall be given an opportunity to present written or oral testimony at the hearing.

(5) As used in this section and ORS 221.727, "sale" includes a lease-option agreement under which the lessee has the right to buy the leased real property in accordance with the terms specified in the agreement.

Background:

Supporting materials for this public hearing (including a proposed Resolution) appear later on this Agenda. The Resolution includes proposed findings consistent with ORS 221.725 and ORS 271.330.

Council Options:

1. Conduct the public hearing.
2. Approve Resolution 2020-09, with or without modifications.
3. Postpone for additional information.
4. Do not approve the option agreement for property disposition

Attachments:

Sale of Property Notice. (DOCX)

CITY OF LINCOLN CITY
NOTICE OF HEARING CONCERNING OPTION TO PURCHASE CITY PROPERTY
FOR AFFORDABLE HOUSING PURPOSES

On April 27, 2020 at 6:00 pm or as soon thereafter as the matter may be heard, the City Council, in the Council Chambers located at City Hall, 801 SW Hwy 101, 3rd Floor, Lincoln City, Oregon will conduct a public hearing to consider granting an option to purchase city property to Innovative Housing, Inc., an Oregon nonprofit public benefit corporation (IHI). The subject real property is located in proximity to the terminus of NE 25th Street, north of the St. James Santiago Episcopal church, consisting of two tax lots together with some provision for access through 2510 N. Highway 101, Lincoln City, Oregon. The lots involved in the conveyance include Recording Doc: 2009-14354 [07-11-11-BB-04302-00 (Westerly Parcel)] and Recording Doc: 2009-14355 [07-11-11-BB-04300-00 (Easterly Parcel)]. (Note: The option is being considered ahead of a disposition and development agreement to facilitate IHI's application for a low income housing tax credit). Pursuant to ORS 221.725, any resident of the city shall be given an opportunity to present written or oral testimony at the hearing.

The proposed use of the subject property is for Low Income Housing. The reason the City Council finds it necessary or convenient to option/sell/convey the property to IHI is that the City Council desires to provide affordable housing to City residents and IHI is a not-for-profit organization formed for this purpose. The proposed terms of the option/sale/conveyance will be fully disclosed at the hearing; however, at this time the principal term is that the option is subject to later consideration and approval, following a public hearing, of the conveyance in a disposition and development agreement.

Consideration in the future disposition and development agreement, may include, but not be limited to, the following principal terms, subject to all applicable quasi-judicial and legislative approval processes, including local budget law: (1) Land Sale Price of \$1.00; (2) Multiple Unit Housing Property Tax Abatement pursuant to ORS Chapter 307; (3) Deed restrictions or restrictive covenants to enforce affordability standards; (4) System Development Charge Deferrals per LCMC 13.08.095; (5) up to \$150,000 city "gap" grant; (6) previously granted pre-development funding; (7) previously funded acquisition of improved site access; (8) City design, permitting and construction of re-aligned NE 25th Street. Again, the principal purpose of the option to purchase is to provide IHI with site control for purposes of competitive low income tax credit

applications. The principal final terms are subject to a future disposition and development agreement. The staff report and supporting materials may be reviewed on the City of Lincoln City's website under "Agenda, Packets and Video" "Upcoming Meetings" "April 27, 2020."

Council Communication

Resolution 2020-09 (Option Agreement - Disposition of Real Property for Affordable Housing)

Meeting Date:	April 27, 2020	Primary Staff Contact:	Richard Appicello
Department:	City Attorney	E-Mail:	RAppicello@lincolncity.org
Secondary Dept:	Administration	Secondary Contacts:	Alison Robertson
Approval:	Ronald F Chandler	Estimated Time:	10 minutes

Question:

Following the public hearing, should the City Council approve Resolution 2020-09 authorizing and directing approval of an Option Agreement for the future disposition of real property for affordable housing purposes?

Staff Recommendation:

Staff recommends approval of the Resolution approving the Option Agreement.

Authority: *(emphasis added)*

221.725 Sale of city real property; publication of notice; public hearing.

(1) Except as provided in ORS 221.727, when a city council considers it necessary or convenient to sell real property or any interest therein, the city council shall ***publish a notice of the proposed sale in a newspaper of general circulation in the city, and shall hold a public hearing concerning the sale prior to the sale.***

(2) The notice required by subsection (1) of this section shall be published at least once during the week prior to the public hearing required under this section. The notice shall state the time and place of the public hearing, ***a description of the property or interest to be sold, the proposed uses for the property and the reasons why the city council considers it necessary or convenient to sell the property.*** Proof of publication of the notice may be made as provided by ORS 193.070.

(3) Not earlier than five days after publication of the notice, the public hearing concerning the sale shall be held at the time and place stated in the notice. Nothing in this section prevents a city council from holding the hearing at any regular or special meeting of the city council as part of its regular agenda.

(4) ***The nature of the proposed sale and the general terms thereof, including an appraisal or other evidence of the market value of the property, shall be fully disclosed by the city council at the public hearing.*** Any resident of the city shall be given an opportunity to present written or oral testimony at the hearing.

(5) As used in this section and ORS 221.727, **“sale” includes a lease-option agreement** under which the lessee has the right to buy the leased real property in accordance with the terms specified in the agreement.

271.310 Transfer or lease of real property owned or controlled by political subdivision; procedure in case of qualified title; notice; rules. (1) Except as provided in subsection (2) of this section and subject to subsection (3) of this section, whenever any political subdivision possesses or controls real property ***not needed for public use, or whenever the public interest may be furthered, a political subdivision may sell, exchange, convey*** or lease for any period not exceeding 99 years ***all or any part of the political subdivision’s interest in the property to a governmental body or private individual or corporation. The consideration for the transfer or lease may be cash or real property, or both.***

* * *

(4) Unless the governing body of a political subdivision determines under subsection (1) of this section that the public interest may be furthered, real property needed for public use by any political subdivision owning or controlling the property may not be sold, exchanged, conveyed or leased under the authority of ORS 271.300 to 271.360, except that it may be exchanged for property that is of equal or superior useful value for public use. Any such property not immediately needed for public use may be leased if, in the discretion of the governing body having control of the property, the property will not be needed for public use within the period of the lease.

* * *

271.330 Relinquishing title of property not needed for public use. (1) Any political subdivision is granted express power to relinquish the title to any of the political subdivision’s property not needed for public use to any governmental body, providing the property shall be used for not less than 20 years for a public purpose by the governmental body in the State of Oregon. These transfers for public purposes may include transfers without consideration of property held by counties as a result of tax foreclosures.

(2)(a) ***Any political subdivision is granted express power to relinquish the title to any of the political subdivision’s property to a qualifying nonprofit corporation or a municipal corporation for the purpose of providing any of the following:***

(A) Low income housing;*(B) Social services; or**(C) Child care services.**(b) As used in this subsection:*

(A) "Qualifying nonprofit corporation" means a corporation that is a public benefit corporation as defined in ORS 65.001 (35) and that has obtained a ruling from the federal Internal Revenue Service providing that the corporation is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code.

(B) "Social services" and "child care services" include but are not limited to education, training, counseling, health and mental health services and the provision of facilities and administrative services to support social services and child care services.

(3) Any political subdivision is granted express power to convey real property to a nonprofit or municipal corporation to be used by the nonprofit or municipal corporation for the creation of open space, parks or natural areas for perpetual public use. The instrument conveying the real property shall include a restriction on the use of the property that limits the uses of the property to those uses described in this subsection. The instrument conveying the property shall also contain a provision for the reversion of the property to the political subdivision if the property is not used in conformance with the restriction. Real property conveyed under this subsection may include real property held by a political subdivision as a result of tax foreclosures.

Background:

The City is the legal owner of real property located in proximity to the terminus of NE 25th Street, north of the St. James Santiago Episcopal church, consisting of two tax lots together with some provision for access through 2510 N. Highway 101, Lincoln City, Oregon. The lots involved in the conveyance include Recording Doc: 2009-14354 [07-11-11-BB-04302-00 (Westerly Parcel)] and Recording Doc: 2009-14355 [07-11-11-BB-04300-00 (Easterly Parcel)].

Following a public process, the City and IHI entered into an Exclusive Negotiating Agreement for acquisition and development of the subject property for affordable housing purposes. IHI's current proposal for the site involves a 23-million dollar (estimated) project consisting of up to 80 units of affordable housing. IHI is in the process of applying for Affordable Housing Tax Credit, and needs further evidence of site control in order to submit a qualifying application.

IHI requested approval of an Option to Purchase; however because the parties have not yet come to agreement on all the terms and conditions of the Disposition and Development Agreement, and because several of those terms and conditions

are subject to public processes, the parties mutually agree the Option to Purchase will not be self-executing but will be subject to a future public hearing on the Disposition and Development Agreement pursuant to ORS 221.725 – where all final terms will be decided. Because Option agreements are also subject to public hearings under ORS 221.725 option, the Council is considering the agreement at a public hearing on April 27, 2020.

The attached Resolution addresses the required findings for approval of the Option. In short, the Resolution provides that the Council finds and determines that this proposal to grant an Option to Purchase the subject property to Innovative Housing, Inc., an Oregon nonprofit public benefit corporation meets all applicable statutory minimum criteria for eligibility to convey real property, as more fully set forth in the Resolution. IHI is a qualifying nonprofit corporation. Further the City Council finds and determines that the proposed option to purchase real property (subject to conditions including another public hearing) is deemed “necessary or convenient” to the City, and “furthers the public interest” as the sale will further the City Council’s desire to provide affordable housing for the City of Lincoln City’s population. The Council further finds and determines that the property identified herein is not necessary for City use.

Again, the option to purchase is being considered ahead of a proposed disposition and development agreement to provide evidence of site control and facilitate IHI’s application for a low income housing tax credit. Based on this fact, the principal condition of the option to purchase is the subsequent approval and execution of a disposition and development agreement following a public hearing pursuant to ORS 271.225. Accordingly, the terms of the disposition and development agreement are not finally determined.

The option to purchase is attached.

Council Options:

Following the public hearing:

1. Approve the Resolution, with or without modifications.
2. Postpone for additional information.
3. Do not approve the resolution or proceed with the transaction.

Potential Motions:

Council:

1. Motion to approve Resolution 2020-09

Attachments:

option revision 4-21-20. PW Edits (DOCX)

Resolution 2020-09 IHI 4-21-20 315pm (DOC)

PURCHASE OPTION AGREEMENT

THIS PURCHASE OPTION AGREEMENT (this “**Option Agreement**”) is dated for reference as of April ____, 2020 and entered into between City of Lincoln City, a municipal corporation of the State of Oregon (“**Optionor**”), and INNOVATIVE HOUSING, INC., an Oregon nonprofit public benefit corporation, and/or its successors and assigns (“**Optionee**”).

WHEREAS, Optionor owns certain real property located in proximity to the terminus of NE 25th Street, north of the St. James Santiago Episcopal church, consisting of two tax lots together with some provision for access through 2510 NE Highway 101, in Lincoln City, Oregon, and legally described on **Exhibit A**, attached hereto and incorporated herein by reference (the “**Land**”) and all rights, privileges and easements appurtenant to the real property (collectively, the “**Appurtenances**”) The Land and Appurtenances shall be herein collectively referred to as the “**Property**”);

WHEREAS, in early 2018, Optionor, together with the Lincoln City Urban Renewal Agency (“**Agency**”) issued a Request for Expressions of Interest (RFEI) for eight City or Agency-owned properties for investment, redevelopment, and higher intensity uses. One such property is the Property. The Optionor and Agency received 22 responses from the RFEI process. Following an evaluation of the relative merits of each response, the City elected to enter into exclusive negotiations with Optionee for this site.

WHEREAS, Optionor desires to grant Optionee an option to purchase the Property on the terms and conditions set forth in this Option Agreement;

WHEREAS, Optionee may apply for financing for the purchase of the Property from one or more funding sources which require environmental clearance under the National Environmental Policy Act of 1979 with respect to the Property (the “**NEPA Clearance**”);

WHEREAS, provided all contingencies under this Option Agreement are satisfied or otherwise waived, Optionee intends to close on the acquisition of the Property after receipt of NEPA Clearance and develop low-income housing on the Property (the overall development hereafter referred to as the “**Project**”);

WHEREAS, the effective date of this Option Agreement will be the date upon which the last of the parties hereto has executed this Option Agreement (the “**Effective Date**”), as evidenced by the dates next to the parties’ signatures below.

NOW, THEREFORE, in consideration of the mutual covenants and agreements of Optionor and Optionee (collectively, the “**Parties**”), and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows:

1. Recitals. The foregoing recitals are true and correct and incorporated into this Option Agreement.

2. Option. In consideration of One Dollar (\$1.00) in hand paid, the receipt of which Optionor acknowledges, and other good and valuable consideration, Optionor hereby grants to Optionee an exclusive option to purchase the Property (the “**Option**”) under the terms of this Option Agreement. Optionee may exercise the Option, after satisfaction of conditions referenced herein, by providing written notice to Optionor of such election by the Option Deadline. The term “**Option Deadline**” means 5:00 pm PST on December 31, 2020.

The Seller’s City Manager (the “**Manager**”) is delegated authority to administratively extend the Option Deadline once, by six (6) months, to June 30, 2021 in the event the Project is not approved for funding by Oregon Housing and Community Services Commission (“**OHCS**”) and the Manager finds that sufficient progress has been made toward satisfaction of the conditions prerequisite to closing as enumerated herein. If the Option Deadline is extended by six months the Financial Contingency Period and the Closing will also be extended by six months.

3. Principal Prerequisite Contingencies to be satisfied before Closing.

- a. Resolution 2020-09 sets forth the Seller’s City Council’s approval of Optionor’s entering into this Option Agreement. The principal condition to entering into this Option Agreement, and therefore the principal condition prerequisite to Closing, is the approval and execution by the Parties of a Disposition and Development Agreement (following an advertised ORS 221.725 public hearing) which sets forth the final terms and conditions of the disposition and development of the property. This Option Agreement is primarily intended to evidence exclusive site control on the part of the Optionee, to facilitate low income tax credit applications.
- b. The Parties Agree the final terms and conditions of the Disposition and Development Agreement have not been finally negotiated, and some of the contemplated consideration is subject to required Lincoln City code and statutory processes. Resolution 2020-09 contains a list of possible consideration, on both sides, for this real property transaction. (For example, while Lincoln City is agreeable to a one-dollar (\$1.00) purchase price, the Disposition and Development Agreement will provide for additional non-monetary consideration in lieu of financial compensation, and the purchase price for the Property agreed upon in the Disposition and Development Agreement shall be the “Purchase Price” described herein. Following, the approval and execution of the Disposition and Development Agreement, and as required, satisfaction of the conditions of said agreement, the process in this Option Agreement will be followed to complete the transaction. If the Parties fail to reach agreement on the Disposition and Development Agreement, this Option Agreement will automatically terminate and be of no further force and effect, and the Parties will have no further liability or responsibility to each other, except for the provisions of this Option Agreement that survive termination.

4. Closing. The consummation of the purchase and sale of the Property (the “Closing”) will take place on December 31, 2020 (unless extended in accordance with Paragraph 2) or on an earlier date that is mutually acceptable to the Parties. The term “Closing Date” means the date of Closing. Optionee and Optionor may establish an earlier Closing Date by mutual agreement. The Closing will be conducted through escrow with a Title Company to be mutually chosen in the Disposition and Development Agreement (it being the intention of the Parties that all closing documentation and funds will be delivered to the Title Company).

5. Additional Optionee Contingencies and Rights.

- a. NEPA Clearance. The Parties agree to work together in good faith to obtain the NEPA Clearance. In the event Optionee receives notice from any funder that Optionee will not receive a NEPA Clearance (a “**Rejection Notice**”), this Option Agreement will automatically terminate and be of no further force and effect, and the Parties will have no further liability or responsibility to each other, except for the provisions of this Option Agreement that survive termination. Optionee will notify Optionor within ten (10) business days of its receipt of a Rejection Notice or NEPA Clearance.
- b. Feasibility Contingency. The Parties acknowledge, that Optionee has had exclusive access to the property for over a year pursuant to the Exclusive Negotiating Agreement. Optionee’s obligation to purchase the Property is contingent upon Optionee’s satisfaction, in its sole and absolute discretion, with the physical, geological and environmental condition of the Property; the suitability of the Property for Optionee’s intended use; and the financial feasibility of the Property for Optionee’s intended development (the “**Feasibility Contingency**”). Optionee shall notify the Optionor, in writing, no later than midnight on November 30, 2020 the “**Feasibility Contingency Period**”) of its waiver, acceptance or disapproval of this Feasibility Contingency. Optionee’s failure to notify the Optionor that it has waived or accepted this Feasibility Contingency shall constitute notice of acceptance. If this Option Agreement is terminated pursuant to this subsection, both Optionor and Optionee shall be released and discharged from all further obligations under this Option Agreement—and the Parties will have no further liability or responsibility to each other, except for the provisions of this Option Agreement that survive termination.
- c. Financing Contingency. Optionee’s obligation to purchase the Property is contingent upon Optionee’s securing the necessary financing for the development of the Project, as determined in the sole and absolute discretion of the Optionee (the “**Financing Contingency**”). Optionee shall notify the Optionor, in writing, no later than midnight on November 30, 2020, unless extended in accordance with Paragraph 2 (the “**Financing Contingency Period**”) of its waiver, acceptance or disapproval of this Financing Contingency. If Optionee fails to notify Optionor that this condition is satisfied

or waived at or before the Financing Contingency Period, then Optionee's failure to notify the Optionor shall constitute notice of acceptance. If this Option Agreement is terminated pursuant to this subsection, both Optionor and Optionee shall be released and discharged from all further obligations under this Option Agreement, the Deposit will be immediately refunded to Optionee, and the Parties will have no further liability or responsibility to each other, except for the provisions of this Option Agreement that survive termination.

- d. Optionee's Right to Information. Throughout the Feasibility Contingency Period, Optionee and its agents, employees and designees shall have reasonable access to the Property and to the persons and information described herein for the purpose of satisfying the contingencies. This right of access shall include the following:
- i. Right of Entry. Optionee shall have the right to enter the Property to investigate, study and test the Property, and Optionor shall cooperate with such inspections. Optionee may conduct such investigations, studies and tests on the Property as it determines are appropriate, including, but not limited to verification of compliance of the Property with applicable zoning, building, health and safety laws, regulations and codes, surveys, inspections for hazardous waste, environmental studies (including, without limitation, a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards), structural examinations, engineering studies, and soils samples and testing (including, but not limited to, soil borings). Optionee will promptly restore or repair any physical damage caused by such inspections and investigations.
 - ii. Right of Access to Records. Optionee acknowledges the Optionee has been provided with records pursuant to the existing Exclusive Negotiating Agreement:-
- e. Optionee's Indemnification of Optionor. Optionor agrees to cooperate with Optionee in its investigation of the Property and to provide any information requested concerning the Property and its prior uses. Optionee will, however, perform all investigation, studies, inspections and tests at its own expense. In addition, Optionee will indemnify, defend and hold Optionor harmless from any costs or claims for personal injury, property damage or materialman's/mechanic's liens directly resulting from Optionee's entry onto the Property to conduct such inspections, studies and tests except for costs or claims (i) resulting from the acts or omissions of Optionor or (ii) resulting from the manufacture, generation, presence, release, disposal or transportation of Hazardous Substances (defined below) on, to or from the Property, not caused by Optionee.

- f. Optionor's Transfer of Property. During the term of this Option Agreement, Optionor will not transfer, assign, convey or otherwise encumber the Property or any interest therein without the prior written consent of Optionee, which consent shall not be unreasonably withheld ("**Transfer**"). This Option Agreement will survive any Transfer and be binding upon Optionor's transferees, successors, and assigns.
6. Title.
- a. Title Review.
- i. Preliminary Commitment. Optionee has obtained a preliminary commitment for title insurance from the Title Company (the "Preliminary Commitment").
- ii. Optionee's Review. Optionee shall have thirty (30) days after the Effective Date to notify Optionor, in writing, of its approval and disapproval of each exception shown in the Preliminary Commitment. Optionee's failure to notify Optionor that it has disapproved a particular exception shall constitute Optionee's acceptance of that exception. Any exception that Optionee has approved shall become a Permitted Exception.
- iii. Optionor's Response. Optionor shall have fifteen (15) days after receipt of Optionee's notice to notify Optionee, in writing, of its agreement to cure or remove any of the disapproved exceptions. Optionor's failure to notify Optionee that it will cure or remove a particular exception shall constitute Optionor's refusal to cure or remove that exception. Optionor shall remove or cure by Closing the exceptions it has agreed to remove or cure.
- iv. Optionee's Rights. If Optionor does not agree to cure or remove all exceptions disapproved by Optionee, Optionee shall have ten (10) days from Optionee's receipt of Optionor's notice of the same or, if Optionor has not provided such notice, then within ten (10) days of the deadline to provide it under Paragraph 5(a)(iii), to notify Optionor, in writing, whether it will in its sole discretion, waive such objections and close the transaction or terminate this Option Agreement. Optionee's failure to give such notice shall constitute Optionee's election to waive its objections and close the transaction. In that event, the disapproved exceptions shall become Permitted Exceptions. If Optionee elects to terminate this Option Agreement, Optionor and Optionee shall equally share any cancellation fee or other cost of the Title Company, and this Option Agreement shall terminate and all rights and obligations of the parties shall terminate.
- v. Updated Title Matters. The foregoing notice and response procedures shall be repeated for any title exceptions first appearing after Optionee's receipt of the initial Preliminary Commitment, except that if the

time period for delivery of any notice extends beyond the Closing Date, such notice and all subsequent notices shall be delivered on or before the Closing Date.

vi. Title Policy.

vii. Delivery of Policy. At Closing, Optionee will, at its sole cost and expense, cause the Title Company to issue to Optionee an ALTA standard coverage owner's policy of title insurance, in the amount of the Purchase Price, insuring Optionee against loss or damage arising from defects in title to the Property other than the Permitted Exceptions (the "Title Policy").

viii. Failure to Deliver Policy. If, at Closing, the Title Company will not insure the title as provided above, Optionee may either proceed to close despite the lack of required insurance or terminate this Option Agreement. If Optionee terminates this Option Agreement, Optionee shall equally share pay any cancellation fee of the Title Company, and this Option Agreement shall terminate and all rights and obligations of the parties shall terminate.

7. URA. The Parties acknowledge and agree to the Uniform Relocation and Real Property Acquisition Policies Act disclosures (the "URA Disclosures") at Exhibit B.

8. Optionor's Obligations. The Optionor covenants that it will, at all times from the date of this Option Agreement to the Closing:

- a. make all principal and interest payments due under, and comply with each and every covenant and obligation imposed upon the owner of the Property by promissory notes, mortgages, deeds of trust, ground or other leases and any other agreements affecting the Property, or secured by an interest in the Property or any part thereof, and will take any and all action as may be necessary to avoid any default under such agreements;
- b. not negotiate, discuss or enter into or cause to be entered into, any written or oral option, sale agreement, mortgage, lease, service contract or other contracts, encumbrances or agreements regarding or pertaining to the Property or any portion thereof;
- c. maintain, use and operate the Property in compliance with all applicable laws, regulations and ordinances with respect to the ownership, use and occupancy of the Property;
- d. pay for any materials, supplies or work provided or ordered for the Property prior to the Closing and for which a labor, materialman's or mechanic's lien may be claimed under applicable law, and if required by the Title

Company, provide the Title Company with such indemnifications or security as it may require to insure title to the Property at the Closing without exception for any unrecorded labor, materialman's or mechanic's claim of lien;

- e. cooperate prior to Closing with Optionee's permitting activities with respect to the Property. Provided, however, that Optionee shall not enter into, and the Optionor shall not be required to execute, any documents or instrument which would be binding upon the Optionor or the Property if this transaction fails to close.

9. Warranties.

- a. Optionor's Representations and Warranties. For the purposes of inducing Optionee to consummate the transactions contemplated hereby Optionor represents and warrants to Optionee, as of the Effective Date and, except as otherwise set forth herein, as of the Closing Date, that to the best of Optionor's knowledge and belief, the following are true:
 - i. Optionor has full power, authority and legal right to execute, deliver and perform this Option Agreement, and all other documents and certificates contemplated hereby; the Optionor has duly authorized the execution, delivery and performance thereof; and has authorized the person executing this Option Agreement to do so;
 - ii. This Option Agreement constitutes the legal, valid and binding obligation of Optionor, enforceable against Optionor in accordance with its terms;
 - iii. There are no actions, suits, proceedings, orders or investigations pending or, to the best of Optionor's knowledge, threatened against or affecting Optionor which might adversely affect Optionor's performance under this Option Agreement or the consummation of the transactions contemplated hereby;
 - iv. Except as expressly provided herein, there is not pending or, to the best of Optionor's knowledge, threatened (i) condemnation or similar proceedings with respect to the Property or any part thereof, (ii) public improvements in, about or outside the Property which might result in the imposition of any assessment, lien or charge against Optionor, the Property or any owner of the Property, or (iii) legal action of any kind or nature, affecting the Property, which would enjoin or restrict the right of Optionor to consummate the transactions contemplated hereby;
 - v. None of the following has occurred with respect to the Property or Optionor: (i) appointment of a receiver, liquidator, or trustee for the real estate; (ii) institution of any proceeding for dissolution or liquidation; (iii) filing or any petition for bankruptcy, or action toward reorganization; (iv) pending foreclosure or forfeiture action;

- vi. All taxes and assessments and other governmental or quasi-governmental levies of any kind which are due for payment prior to the Effective Date, the non-payment of which would in any way affect the property or any part thereof, or the Optionee's title thereto or in any way impose any liability on the Optionee, have been paid, or shall be paid by Optionor, prior to or at the time of Closing, together with all interest and penalties thereon;
 - vii. To the best of Optionor's knowledge, the Property is not affected by any special assessment, whether or not a lien thereon, which has not or will not be paid in full by Optionor prior to the Closing Date, nor does Optionor know of any pending or contemplated assessments or similar charges which will affect the Property; and
 - viii. Optionor has not intentionally withheld any material information concerning environmental matters with respect to the Property.
- b. Optionee's Representations and Warranties. For the purposes of inducing Optionor to consummate the transactions contemplated hereby Optionee represents and warrants to Optionor, as of the Effective Date and, except as otherwise set forth herein, as of the Closing Date, as follows:
- i. Optionee has full power, authority and legal right to execute, deliver and perform this Option Agreement, and all other documents and certificates contemplated hereby; the Optionee has duly authorized the execution, delivery and performance thereof; and has authorized the person executing this Option Agreement to do so;
 - ii.
 - iii. This Option Agreement constitutes the legal, valid and binding obligation of Optionee, enforceable against Optionee in accordance with its terms; and
 - iv.
 - v. There are no actions, suits, proceedings, orders or investigations pending or, to the best of Optionee's knowledge, threatened against or affecting Optionee which might adversely affect Optionee's performance under this Option Agreement or the consummation of the transactions contemplated hereby.
- c. Survival. The representations and warranties in this Paragraph shall survive Closing.

10. Conditions Precedent to Closing

- a. Optionee's obligations under this Option Agreement are expressly conditioned on, and subject to satisfaction of, the following conditions precedent:
 - i. Optionor shall have performed all material obligations required by this Option Agreement;

- ii. Title Company shall be ready, willing and able to issue the Title Policy subject only to the Permitted Exceptions; and
- iii. The representations and warranties of Optionor contained herein shall be true and correct in all material respects.

The conditions set forth in Paragraph 9.a.i through 9.a.iii above are intended solely for the benefit of Optionee. If any of the foregoing conditions are not satisfied as of the Closing Date, Optionee shall have the right at its sole election either to waive the condition in question and proceed with the purchase of the Property or, in the alternative, to terminate this Option Agreement, whereupon the Earnest Money shall be returned to Optionee and the parties shall have no further obligations hereunder other than those obligations which survive the termination of this Option Agreement by their express terms.

- b. Optionor's obligations under this Option Agreement are expressly conditioned on, and subject to satisfaction of, the following conditions precedent:
 - i. Optionee shall have performed all material obligations required by this Option Agreement; and
 - ii. The representations and warranties of Optionee contained herein shall be true and correct in all material respects.

The conditions set forth in Paragraph 9.b.i and 9.b.ii above are intended solely for the benefit of Optionor. If any of the foregoing conditions are not satisfied as of the Closing Date, Optionor shall have the right at its sole election either to waive the condition in question and proceed with the sale or, in the alternative, to terminate this Option Agreement. No such termination, however, shall waive Optionor's right to retain the Earnest Money if Optionee is then in default under this Option Agreement.

- c. Optionor and Optionee acknowledge that the responsibility of both parties to proceed with this transaction is conditioned upon approval and execution of the Disposition and Development Agreement as outlined in Paragraph 3 above.

11. Closing.

- a. Optionor's Closing Obligations. At the Closing, Optionor shall:
 - i. Execute, acknowledge and deliver (x) a Statutory Warranty Deed (the "**Deed**") to the Property subject only to the Permitted Exceptions and (y) such other agreements, documents and instruments as may be necessary to transfer, convey and assign the Property to Optionee;

- ii. Deliver to Optionee, pursuant to Section 1445 of the Internal Revenue Code of 1986, as amended, a non-foreign affidavit, stating that Optionor is not a foreign person and providing Optionor's United States taxpayer identification number;
 - iii. Deliver to Optionee such other instruments or documents as may be required pursuant to the provisions hereof, by the Title Company or the Disposition and Development Agreement to be approved, or as mutually agreed by counsel for Optionor and Optionee to be necessary to fully consummate the transaction contemplated hereby;
 - iv. Terminate or cause to be terminated any contracts or agreements that are not agreed to be assumed by Optionee or by written agreement of Optionee;
 - v. Cause the Title Company to deliver the Title Policy at Closing or as soon thereafter as practicable; and
 - vi. Cause all personal property to be removed from the Property (unless otherwise agreed to in writing by Optionee).
- b. Optionee's Closing Obligations. At the Closing, Optionee shall:
- i. Deliver to Optionor cash or immediately available funds the remainder of the Purchase Price following application of the Deposit; and
 - ii. Deliver to Optionor such other instruments or documents as may be required pursuant to the terms hereof or the Disposition and Development Agreement to be approved, or as mutually agreed by counsel for Optionor and Optionee to be necessary to fully consummate the transaction contemplated hereby.
- c. Allocation of Closing Expenses. The cost of closing the transaction shall be allocated between Optionor and Optionee as follows:
- i. Optionor shall pay:
 - 1. any taxes or charges with respect to the transaction.
 - ii. Optionee shall pay:
 - 2. The escrow fees of the Title Company;
 - 3. The premium for the ALTA owner's standard coverage Title Policy required by Paragraph 5.b.;
 - 4. The cost of the Title Policy that exceeds the cost of the ALTA owner's standard coverage, including the costs of survey if required

by the Title Company; and

5. The cost of recording the Deed and any other documents that Optionee may choose to record.
 - iii. All other expenses incurred by Optionor or Optionee with respect to Closing, including but not limited to attorneys' fees, shall be borne and paid exclusively by the party incurring the same unless the parties hereto expressly agree in writing to the allocation of part or all of such expenses to one of the parties.
- d. Proration. The following items shall be adjusted or prorated between Optionor and Optionee at the Closing, as of the Closing Date:
 - i. Ad valorem, property and/or similar taxes (excluding assessments) for the then current tax year relating to the Property shall be prorated; and
 - ii. All unpaid assessments, if any, existing as of the Closing Date, due and payable before or after such date and applicable to the period of Optionor's ownership of the Property, shall be paid by Optionor in cash at the Closing to the assessing entity.
- e. Right to Possession. At the Closing and as a condition thereto, Optionee shall have full and unrestricted right to possession of the Property subject only to the Permitted Exceptions.
- f. Risk of Loss. Risk of loss or damage to the Property by condemnation, eminent domain, or similar proceedings (or deed in lieu thereof), or by fire or any other casualty, from the Effective Date through Closing will be on Optionor and thereafter will be on Optionee. Optionor will immediately notify Optionee in writing of any such loss. Optionee shall notify Optionor, in writing, within fifteen (15) days of Optionee's receipt of Optionor's notice whether Optionee shall proceed to Closing. Optionee's failure to notify Optionor that it will proceed to Closing shall constitute notice of disapproval of the loss. If Optionee disapproves this loss, Optionor shall pay any cancellation fee or other cost of the Title Company, and this Option Agreement shall terminate and all rights and obligations of the parties shall terminate.

12. Assignment. Optionee may, without approval of the Optionor, assign its rights and obligations under this Option Agreement to a limited partnership or limited liability company of which Optionee or an affiliate of Optionee is the general partner or manager and a substantial participant in the ownership and operation of the low-income housing to be constructed on the Property. Any other assignment of Optionee's interest herein will be subject to Optionor approval which will not be unreasonably withheld. Optionee must notify and, if required, request approval by Optionor of any such assignment prior to the Closing and the assignee will for all purposes be regarded as Optionee under this Option Agreement.

13. Termination and Remedies.

a. Default by Optionor.

- i. Optionor's Defaults. Optionor shall not be deemed in default of this agreement if the parties fail to reach agreement and accordingly do not obtain approval and execution of a Disposition and Development Agreement. Thereafter, Optionor shall be deemed to be in default hereunder in the event Optionor fails, for a reason other than Optionee's default hereunder, to meet, comply with, or perform any covenant, agreement or obligation on its part required within the time limits and in the manner required in this Option Agreement.
- ii. Optionee's Remedies. Unless otherwise specified herein, in the event of default by Optionor, Optionee may elect to (a) terminate this Option Agreement or (b) seek specific performance of this Option Agreement.

b. Default by Optionee.

- i. Optionee's Defaults. Optionee shall not be deemed in default of this agreement if the parties fail to reach agreement and accordingly do not obtain approval and execution of a Disposition and Development Agreement. Thereafter, Unless otherwise specified herein, Optionee shall be in default hereunder in the event Optionee fails, for a reason other than Optionor's default hereunder, to meet, comply with, or perform any covenant, agreement or obligation on its part required within the time limits and in the manner required in this Option Agreement, or there shall have occurred a breach of any representation or warranty made by Optionee.
- ii. Optionor's Remedies. Optionor's sole remedy for a material default by Optionee is to elect to terminate this Option Agreement.

14. Brokerage Commissions. Optionor warrants to Optionee that it has not been represented in this transaction by any broker or agent to whom a commission is due or payable. Optionee warrants to Optionor that it has not been represented in this transaction by any broker or agent to whom a commission is due or payable. Each party agrees to indemnify and hold the other harmless from any commission or claim thereof hereafter made against the other on account of any other broker or finder which the indemnifying party has engaged in connection with the transaction contemplated herein.

15. Entire Agreement. This Option Agreement sets forth the entire understanding between the Parties with respect to the transactions contemplated herein and supersedes all prior or contemporaneous agreements, oral or written. This Option Agreement contemplates that the Parties will proceed in good faith and negotiate and obtain approval of a Disposition and Development Agreement. Neither this Option Agreement nor any provision hereof may be waived

or amended except by an instrument in writing signed by both Parties.

16. Time of the Essence. Time is of the essence in the performance of this Option Agreement.

17. Survival after Closing. The terms and provisions of this Option Agreement will survive Closing and will remain in full force and effect thereafter.

18. Interpretation. Words of any gender used in this Option Agreement will be held and construed to include any other gender, and words of a singular number will be held to include the plural, and vice versa, unless the context requires otherwise.

19. Captions. The captions used in this Option Agreement are for convenience only and will not be deemed to construe or to limit the meaning of the language of this Option Agreement.

20. Binding Effect. This Option Agreement will be binding upon and inure to the benefit of the Parties and their respective heirs, legal representatives, successors and assigns.

21. Notices. All notices to either Party must be in writing and either delivered (i) in person, (ii) by United States certified mail, postage prepaid, (iii) by courier service, postage prepaid, or such other address as either Party may from time to time designate by written notice to the other.

If to Optionee: Innovative Housing, Inc.
219 NW 2nd Ave.
Portland, OR 97209
Attention: Executive Director

If to Optionor: City of Lincoln City, Oregon
Attn: City Manager
801 SW Hwy 101 [P.O. Box 50]
Lincoln City, Oregon 97367

All notices will be deemed given on the date such notice is delivered (or if refused, the date of such refusal) or transmitted by telephone facsimile or email, or on the third business day following the date such notice is mailed in accordance with this Paragraph, whichever is applicable.

22. Severability. If one or more of the provisions of this Option Agreement or any application thereof will be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions or any other application thereof will in no way be affected or impaired.

23. Applicable Law. This Option Agreement will be governed by and construed in accordance with the laws of the State of Oregon. Venue of any action hereunder will be in Multnomah County, Oregon.

24. Calculation of Time. In the event that the date upon which any time period ends or any duty or obligation hereunder is to be performed will occur upon a Saturday, Sunday, national banking holiday or State of Oregon holiday, then, in such event, the time period or the due date for such performance will be automatically extended to the next succeeding day that is not a Saturday, Sunday, national banking holiday or State of Oregon holiday. Except for express reference to “business” days, all time periods will be deemed to be calendar days.

25. THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS THAT, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND THAT LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON’S RIGHTS, IF ANY, UNDER ORS 195.300, ORS 195.301, AND ORS 195.305 TO 195.336 AND OREGON LAWS 2007, CHAPTER 424, SECTIONS 5 TO 11, OREGON LAWS 2009, CHAPTER 855, SECTIONS 2 TO 9 AND 17, AND OREGON LAWS 2010, CHAPTER 8, SECTIONS 2 TO 7. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR ORS 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO VERIFY THE EXISTENCE OF FIRE PROTECTION FOR STRUCTURES AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, ORS 195.301 AND ORS 195.305 TO 195.336 AND OREGON LAWS 2007, CHAPTER 424, SECTIONS 5 TO 11, OREGON LAWS 2009, CHAPTER 855, SECTIONS 2 TO 9 AND 17, AND OREGON LAWS 2010, CHAPTER 8, SECTIONS 2 TO 7.

[Signatures on Following Page]

The parties have entered into this Purchase Option Agreement on the date first written above.

OPTIONOR:

CITY OF LINCOLN CITY, a municipal corporation of the State of Oregon

By: _____
Name: _____
Title: _____
Date: _____

OPTIONEE:

INNOVATIVE HOUSING, INC., an Oregon nonprofit public benefit corporation

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT A

Legal Description

Real property situated in the State of Oregon, County of Lincoln and is described as follows:

Parcel 1

A tract of land situated in the Northwest quarter of the Northwest quarter of Section 11, Township 7 South, Range 11 West of the Willamette Meridian, Lincoln County, Oregon, and more particularly described as follows:

Beginning at the Southwest corner of said Northwest quarter of the Northwest quarter of said Section, Township and Range; thence from said point of beginning South 89 deg. 59' East

141.43 feet along the South line of said Northwest quarter of the Northwest quarter to the true point of beginning of the tract

herein described. Said true point of beginning being also the Southeast corner of that tract of land described in Book 222, Page 343, Deed Records of Lincoln County; thence North 1 deg. 02' 30" East 194.50 feet along the East line of said tract described in Book 222, Page 343, to the South line of that tract of land described in Book 204, Page 405, Deed Records; thence East

101.67 feet; thence North 0 deg. 25' 30" West 100 feet to the South line of the Neal tract described in Book 102, Page 563, Deed Records of Lincoln County; thence East 150 feet along the South line of said Neal tract, thence South 23 deg. 15' 21" East 320.63 feet to the South line of said Northwest quarter of the Northwest quarter of said Section, Township and Range; thence North 89 deg. 59' West 381.06 feet to the true point of beginning.

PARCEL 2:

A tract of land situated in the Northwest quarter of the Northwest quarter of Section 11, Township 7 South, Range 11 West of the Willamette Meridian, Lincoln County, Oregon, and more particularly described as follows:

Beginning at the Southwest corner of said Northwest quarter of the Northwest quarter of said Section, Township and Range; thence from said point of beginning South 89 deg. 59' East

522.49 feet along the South line of said Northwest quarter of the Northwest quarter to the true point of beginning of the tract herein described; thence from said true point of beginning North 23 deg. 15' 21" West 320.63 feet to the South line of the Neal tract described in Book 102, Page 563, Deed Records of Lincoln County; thence East 257.60 feet along the South line of said Neal tract to the West line of that tract of land conveyed to Wilbur L. and Marian V. Rogers, husband and wife, by Jerry Emery and Margaret Hannah Page Holmes Emery, husband and wife, by Deed recorded in Book 159, Page

4 70, Deed Records of Lincoln County; thence South along said tract 9 .68 feet to the Southwest corner thereof; thence East 117.67 feet along the South line of said Rogers tract; thence South 0 deg. 30' West 284.98 feet to the South line of the said Northwest quarter of the Northwest quarter of said Section 11; thence North 89 deg. 59' West 246.19 feet to the true point of beginning.

EXHIBIT B

URA DISCLOSURES

Notice of Disclosure to Optionor with Purchase Offer

Dear Optionor:

This is to inform you that Innovative Housing Inc. would like to purchase the real property located in proximity to the terminus of NE 25th Street, north of the St. James Santiago Episcopal church, consisting of two tax lots together with some provision for access through 2510 N. Highway 101, in Lincoln City, Oregon, if a satisfactory agreement can be reached. We are prepared to pay \$1.00 for clear title to the property under the conditions described in the attached proposed Purchase Option Agreement.

Because federal funds from the HOME Program may be used in the project, either for acquisition, rehabilitation, or new construction, we are required to disclose to you the following information:

1. Innovative Housing, Inc. does not have the power of eminent domain. Your property will not be acquired through condemnation. If negotiations fail to result in an amicable purchase agreement, your property will not be acquired.
2. We are also required to inform you, in writing, of the market value of the property. The market value will be determined by an appraisal. You will be informed of the market value when it is established. At that time you may withdraw from the transaction if the purchase price is not equal to or less than the market value of the property.
3. The HOME Program requires that the purchase price be equal to or less than the market value of the property as established by an appraisal.
4. If in addition to being the Optionor of the property, you occupy the property, you should be aware that you will not be eligible for relocation assistance under the Uniform Relocation and Real Property Acquisition Policies Act of 1970, as amended. This transaction is considered a voluntary arm's length transaction.

If you are willing to sell the property based on the above disclosures, please sign this letter and return it to Innovative Housing, Inc. within 10 days. It is also our understanding that no tenants are occupying the property. If this is incorrect, please provide us with the names of the tenant-occupants of the property.

If you have any questions, please contact Sarah J. Stevenson at (503) 226-4368 x2

Sincerely,

Sarah J. Stevenson, Executive Director, Innovative Housing, Inc.

Date

I accept the conditions of this purchase offer disclosure.

Optionor

I / We the Optionor(s) of the property certify that:

No tenant(s) has/have occupied the property for a period of one year prior to the date of this purchase or option to purchase contract.

This property was occupied by tenant(s) within the past year prior to the date of this purchase or option to purchase contract, but the tenant(s) was/were not asked to move in order for me/us, as Optionor(s), to participate in this acquisition transaction. The tenant(s) moved for one of the following reasons(s):

- | | | | |
|---------------|---|---|---------------------------------|
| Tenant One: | <input type="checkbox"/> Evicted for Cause, | <input type="checkbox"/> Voluntarily Moved, | <input type="checkbox"/> Other* |
| Tenant Two: | <input type="checkbox"/> Evicted for Cause, | <input type="checkbox"/> Voluntarily Moved, | <input type="checkbox"/> Other* |
| Tenant Three: | <input type="checkbox"/> Evicted for Cause, | <input type="checkbox"/> Voluntarily Moved, | <input type="checkbox"/> Other* |

Attach additional information as necessary.

*Explain Other Move(s): _____

The property is tenant occupied, and I / We agree to allow egress / ingress to the site so that the required notices can be delivered to each resident, and that each resident can be surveyed to determine their eligibility or replacement housing needs and related moving costs.

NOTE: If the property is tenant occupied, and the buyer is not allowed access to obtain the required information and serve the required tenant notices, the offer may be withdrawn once the complexity and cost of tenant relocation has been determined.

Signature of Optionor(s)

Date: _____

Date: _____

RESOLUTION NO. 2020-09

A RESOLUTION OF THE CITY OF LINCOLN CITY AUTHORIZING AND DIRECTING APPROVAL OF AN OPTION AGREEMENT FOR DISPOSITION OF CITY REAL PROPERTY FOR AFFORDABLE HOUSING

RECITALS

- A. The City is the legal owner of real property located in proximity to the terminus of NE 25th Street, north of the St. James Santiago Episcopal church, consisting of two tax lots together with some provision for access through 2510 N. Highway 101, Lincoln City, Oregon. The lots involved in the conveyance include Recording Doc: 2009-14354 [07-11-11-BB-04302-00 (Westerly Parcel)] and Recording Doc: 2009-14355 [07-11-11-BB-04300-00 (Easterly Parcel).
- B. On April 27, 2020, the Lincoln City City Council, at the Council Chambers at 801 SW Highway 101, Lincoln City, Oregon conducted an advertised public hearing on the proposed option to purchase the subject property, with numerous conditions, pursuant to ORS 221.725, ORS 271.310 and ORS 271.330.
- C. The advertised purpose of the option to purchase/future conveyance, and the reason the City Council finds it necessary or convenient to sell the property, to Innovative Housing, Inc., an Oregon nonprofit public benefit corporation (IHI) is the City Council’s desire to provide affordable housing to the City of Lincoln City’s population.
- D. The option to purchase is being considered ahead of a proposed disposition and development agreement to provide evidence of site control and facilitate IHI’s application for a low income housing tax credit. Based on this fact, the principal condition of the option to purchase is the subsequent approval and execution of a disposition and development agreement following a public hearing pursuant to ORS 271.225. Accordingly, the terms of the disposition and development agreement are not finally determined.
- E. The nature of the option and future conveyance has been advertised as an option/future conveyance to a domestic non-profit corporation of a City-owned property acquired in 2009-2010 for \$50,000. The most recent appraisals of the lots (2009) show a combined value of \$433,000.00. The property will also benefit from the City’s acquisition of Highway 101 frontage,

1 through which, subject to various approvals, the City plans to construct
2 improved access to the site. About 1/2 of the Hwy 101 property may be used
3 for access, valued at \$200,000.00.
4

5 F. Consideration for the option to purchase includes payment of \$1.00 and IHI's
6 commitment to submit an application for low income tax credit and a
7 commitment to proceed in good faith with negotiation of a disposition and
8 development agreement. The terms and conditions of the future disposition
9 and development agreement, may include, but are not limited to, the
10 following principal terms: (1) Land Sale Price of \$1.00; (2) Multiple Unit
11 Housing Property Tax Abatement pursuant to ORS Chapter 307; (3) Deed
12 restrictions or restrictive covenants to enforce affordability standards- (+/- 80
13 units with 60 years affordability) (4) System Development Charge Deferrals
14 per LCMC 13.08.095; (5) up to \$150,000 city "gap" grant; (6) previously
15 granted pre-development funding; (7) previously funded acquisition of
16 improved site access; (8) City design, permitting and construction of re-
17 aligned NE 25th Street. All the above terms are subject to all applicable
18 quasi-judicial and legislative approval processes, including local budget law.
19 A standard real estate purchase and sale agreement may also be required.
20

21 G. The April 27, 2020 City Council public hearing and Resolution staff reports are
22 incorporated herein by this reference. All evidence of market value was fully
23 disclosed and entered into the record at the public hearing on April 27, 2020.
24

25 H. Pursuant to ORS 221.725, any resident of the City was provided with an
26 opportunity to present oral or written testimony to the City Council on the subject
27 of the advertised Option to Purchase / future conveyance at the public hearing.
28 Again, there will be another opportunity to comment at a future ORS 221.725
29 public hearing on the disposition and development agreement.
30

31 I. After hearing the staff report, public input, and due deliberation, Council made the
32 findings set forth herein and directed the Option to Purchase / future conveyance
33 of the real property with the conditions identified in the staff report and this
34 Resolution.
35

36 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF**
37 **LINCOLN CITY, AS FOLLOWS:**
38

1 **SECTION 1. RECITALS.** The above recitals are true and correct and are
2 incorporated herein by this reference.

3
4 **SECTION 2. FINDINGS.**

5
6 The Council finds and determines that the relevant statutory criteria for disposition
7 of City real property are found in or referenced in ORS Chapter 271 (specifically ORS
8 271.310 and ORS 271.330) as well as ORS 221.725.

- 10 (B) Social services; or
- 11 (C) Child care services.
- 12 (b) As used in this subsection:

13 **(A) "Qualifying nonprofit corporation" means a corporation that is a**
14 **public benefit corporation as defined in ORS 65.001 (35) and that has**
15 **obtained a ruling from the federal Internal Revenue Service providing**
16 **that the corporation is exempt from federal income taxes under section**
17 **501(c)(3) of the Internal Revenue Code.**

18 (B) "Social services" and "child care services" include but are not limited to
19 education, training, counseling, health and mental health services and the
20 provision of facilities and administrative services to support social services and
21 child care services.

22
23 **221.725 Sale of city real property; publication of notice; public hearing.**

24
25 (1) Except as provided in ORS 221.727, when a city council considers it
26 necessary or convenient to sell real property or any interest therein, the city
27 council shall publish a notice of the proposed sale in a newspaper of general
28 circulation in the city, and shall hold a public hearing concerning the sale prior
29 to the sale.

30 (2) The notice required by subsection (1) of this section shall be published
31 at least once during the week prior to the public hearing required under this
32 section. The notice shall state the time and place of the public hearing, a
33 description of the property or interest to be sold, the proposed uses for the
34 property and the reasons why the city council considers it necessary or
35 convenient to sell the property. Proof of publication of the notice may be
36 made as provided by ORS 193.070.

37 (3) Not earlier than five days after publication of the notice, the public
38 hearing concerning the sale shall be held at the time and place stated in the
39 notice. Nothing in this section prevents a city council from holding the hearing

1 at any regular or special meeting of the city council as part of its regular
2 agenda.

3 (4) The nature of the proposed sale and the general terms thereof,
4 including an appraisal or other evidence of the market value of the property,
5 shall be fully disclosed by the city council at the public hearing. Any resident of
6 the city shall be given an opportunity to present written or oral testimony at
7 the hearing.

8 (5) As used in this section and ORS 221.727, "sale" includes a lease-option
9 agreement under which the lessee has the right to buy the leased real property
10 in accordance with the terms specified in the agreement.

11

12 The Council finds that it has received all information necessary to make a decision based
13 on the Staff Report, public hearing testimony and the exhibits and evidence received.

14

15 The Council finds and determines that this proposal to grant an Option to Purchase
16 the subject property to Innovative Housing, Inc., an Oregon nonprofit public benefit
17 corporation meets all applicable statutory minimum criteria for eligibility to convey real
18 property, as more fully set forth herein. IHI is a qualifying nonprofit corporation.
19 Further the City Council finds and determines that the proposed option to purchase for
20 future disposition of real property (following another public hearing) is deemed
21 "necessary or convenient" to the City, and "furthers the public interest" as the sale will
22 further the City Council's desire to provide affordable housing for the City of Lincoln City's
23 population. The Council further finds and determines that the property identified herein is
24 not necessary for City use. The findings herein are supported by competent substantial
25 evidence in the whole record, incorporated herein by this reference.

26

27 **SECTION 3. ORDER.** Based on the above Findings set forth herein and based upon
28 the evidence in the whole record, the City Council hereby approves and directs the
29 entering into an Option to Purchase Agreement for future sale / conveyance of the
30 subject property, subject to all identified conditions, included or referenced herein.
31 The Option to Purchase is delegated to the City Manager and City Attorney
32 who are authorized to execute documents as is necessary to effectuate the Option
33 and to bring back for future consideration at an advertised public hearing the
34 disposition and development agreement contemplated herein for future
35 consideration. The City Attorney must approve all documents as to form. The
36 Manager is expressly delegated the authority to sign documents for the City. The
37 Manager and Attorney are authorized to sign an "award letter" consistent with this
38 Resolution and further may expend such funds as are necessary to effectuate the
39 option and the future consideration of a disposition and development agreement.
40 The disposition and development agreement will be subject to final approval,

1 including all appeals, of applicable land use actions, and other processes to address
2 the terms and conditions therein. The future real property sale will be, as is, and
3 subject to all encumbrances of record.
4

5 **SECTION 4. EFFECTIVE DATE.** This resolution is effective as of the date of its
6 adoption and signature by the Mayor.
7

8 PASSED AND ADOPTED by the City Council of the City of Lincoln City this 27th day of
9 April, 2020.
10

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DICK ANDERSON, MAYOR

ATTEST:

CATHY STEERE, CITY RECORDER

Council Communication

Budget Transfer Resolution 2020-10

Meeting Date:	April 27, 2020	Primary Staff Contact:	Debbie Bridges
Department:	Finance	E-Mail:	dbridges@lincolncity.org
Secondary Dept:		Secondary Contacts:	
Approval:	Ronald F Chandler	Estimated Time:	10 minutes

Authority:

ORS 294.463 provides for transfers of appropriations within a fund or between funds.

Background:

Following are the items for which staff is requesting appropriation changes in the FY2019-20 budget.

Explore Lincoln City

Materials and Services: \$635,000

Contingencies: -\$635,000

This request is to transfer \$635,000 from contingency to materials and services, to provide funding for the City's COVID-19 Aid Package. For additional information see City Council agenda item COVID-19 Aid Package.

General Fund

Police: \$10,000

Contingency: -\$10,000

This request is to provide appropriation for counseling for the officer involved shooting, as required by Oregon Senate bill 111 (2007). The City will be receiving a \$5,000 grant from CIS to help offset this cost.

Council Options:

1. Approve Resolution 2020-10.
2. Modify Resolution 2020-10.
3. Don't approve Resolution 2020-10.

Attachments:

Resolution 2020-10 - Budget Transfer FY2019-20 (DOC)

1
2

EXHIBIT A
SUMMARY OF BUDGET TRANSFERS

FUND: EXPLORE LINCOLN CITY

Resource	Amount	Expenditure	Amount
1 _____		1 Materials and Services	635,000
2 _____		2 Contingency	-635,000
Revised Total Resources	4,522,385	Revised Total Requirements	4,522,385

To provide appropriation for COVID-19 Aid Package.

FUND:

Resource	Amount	Expenditure	Amount
1 _____		1 Police	10,000
4 _____		4 Contingency	-10,000
Revised Total Resources	2,568,216	Revised Total Requirements	2,568,216

To provide appropriation for officer involved shooting counseling as required by Oregon Senate Bill 111 (2007)

3

Council Communication

COVID-19 Aid Package

Meeting Date:	April 27, 2020	Primary Staff Contact:	Ronald F Chandler
Department:	Administration	E-Mail:	RChandler@lincolncity.org
Secondary Dept:		Secondary Contacts:	
Approval:	Ronald F Chandler	Estimated Time:	

The City Council created a subcommittee consisting of Judy Casper, Riley Hoagland, Rick Mark. Staff assigned to assist are Ron Chandler, Ed Dreistadt and Debbie Bridges. Lori Arce-Torres and Davie Price were asked to participate and give input to the subcommittee. The subcommittee was asked to consider and make recommendations to the City Council about a COVID-19 economic aid program, specifically item 1.

There are four items for you to consider. Item 1 is designed to benefit local businesses. The attached document outlines its purpose, the amount available for business types, the eligibility, availability amount and qualifying expenses. The total amount is divided between the lodging businesses and non-lodging businesses. The specific division of monies is left blank at this time. The subcommittee will meet on Friday, April 24th to finalize their recommendation.

Item 2 is designed to benefit residents and businesses through a waiver of water & sewer utility bills. The amount available is \$635,000 and will be funded through the general fund contingency or reduction in expenses. The attached document outlines its purpose, eligibility and amount available per applicant.

Item 3 of this Council communication was submitted by Council Casper

Item 4 of this Council communication are specific requests made by residents & businesses.

City Council action: To approve, modify or reject the proposed COVID-19 Aid program

Attachments:

COVID-19 Economic Aid Package 4-27-2020 (PDF)

Cultural Center memo to City of Lincoln City re COVID19 3_30_20 (PDF)

The City of Lincoln City COVID-19 Economic Aid Program

Item 1

Lincoln City will inject \$635,000 into the Lincoln City economy by buying goods and services from businesses affected by the COVID-19 emergency declarations. The monies for part 1 of this program will come from the Explore Lincoln City contingency. The goods and services purchased will be used by Explore Lincoln City to promote tourism during the recovery phase of the emergency.

\$_____ will be available for lodging businesses as defined below and \$_____ will be available for non-lodging businesses as defined below.

Lodging Businesses

- Eligibility
 - Must be affected by the emergency declaration.
 - Must have a City of Lincoln City Occupational Tax Permit
 - Must be a business identified in Lincoln County Order No. 3-23-85 which are hotels and motels, RV Parks, Private Campgrounds and short-term rentals defined as rentals of a duration of less than 30 days.
 - The facility must be located in Lincoln City.
 - For vacation rental dwellings, preference is given to owners whose primary residence is in Lincoln City.
 - National chains and management companies are ineligible
- Available amount
 - One month's average, gross room income, up to \$5,000. This amount will be calculated based on the 2019 transient room tax filings.
 - One grant per business owner and/or immediate family members of business owner which is defined as spouse, parents, grandparents, children (adopted, half and step children), grandchildren, siblings, In-laws (mother, father, brother, sister, daughter and son).
- Qualifying expenses
 - Business expenses only.

Non-lodging Businesses

- Eligibility
 - Must have been affected by the emergency declaration.
 - Must have a City of Lincoln City Occupational Tax Permit
 - Must be a businesses identified in Executive Orders 20-07 and 20-12 which are

restaurants, bars, taverns, brew pubs, wine bars, cafes, food courts, coffee shops, clubs or other establishments that offer food or drink, (Executive Order 20-07)

and

amusement parks, aquariums, arcades, art galleries (to the extent that they are open without appointment), barber shops, hair salons, bowling alleys, cosmetic stores, dance studios, esthetician practices, fraternal organization facilities, furniture stores, gyms, fitness studios (including climbing gyms), hookah bars, indoor and outdoor malls (i.e. all portions of a retail complex containing stores and restaurants in a single area, indoor party places (including jumping gyms and laser tag), jewelry shops and boutiques (unless they provide goods exclusively through pick-up or deliver services), medical spas, facial spas, day spas, non-medical massage therapy services, museums, nail and tanning salons, non-tribal card rooms, skating rinks, senior activity centers, ski resorts, social and private clubs, tattoo/piercing parlors, tennis clubs, theaters, yoga studios and youth clubs (Executive Order 20-12)

- Must have a physical (storefront) presence in Lincoln City
- Preference will be given to businesses with 6 employees or less.
- National chains are ineligible.

- Available amount
 - \$5,000
 - One grant per business owner and/or immediate family members of business owner which is defined as spouse, parents, grandparents, children (adopted, half and step children), grandchildren, siblings, In-laws (mother, father, brother, sister, daughter and son).

- Qualifying expenses
 - Business expenses only.

The City of Lincoln City COVID-19 Economic Aid Program Part 2

Lincoln City will provide economic relief during the COVID-19 pandemic by waiving or forgiving the outstanding water & sewer utility bill by those affected by COVID-19 emergency. The monies for part 2 of this program will come from a reduction in water & sewer expenses and/or the general fund contingency. The total, available amount for part 2 of the COVID-19 Economic Aid program is \$635,000.

Eligibility for Residents

- Must be affected by the emergency declaration. (Evidence of economic affect includes, but not limited to, unemployment, unemployment of spouse, significant reduction of income if working hours of applicant is still employed for applicant and/or spouse)
- Must occupy a residential unit within the City of Lincoln City that is served by City Water and Sewer and shows economic affect as defined above. Applicants that own more than one home are not eligible.

Eligibility for businesses

- Must have been affected by the emergency declaration.
- Must have a City of Lincoln City Occupational Tax Permit
- Must be a businesses identified in Executive Orders 20-07 and 20-12 which are

restaurants, bars, taverns, brew pubs, wine bars, cafes, food courts, coffee shops, clubs or other establishments that offer food or drink, (Executive Order 20-07)

and

amusement parks, aquariums, arcades, art galleries (to the extent that they are open without appointment), barber shops, hair salons, bowling alleys, cosmetic stores, dance studios, esthetician practices, fraternal organization facilities, furniture stores, gyms, fitness studios (including climbing gyms), hookah bars, indoor and outdoor malls (i.e. all portions of a retail complex containing stores and restaurants in a single area, indoor party places (including jumping gyms and laser tag), jewelry shops and boutiques (unless they provide goods exclusively through pick-up or deliver services), medical spas, facial spas, day spas, non-medical massage therapy services, museums, nail and tanning salons, non-tribal card rooms, skating rinks, senior activity centers, ski resorts, social and private clubs, tattoo/piercing parlors, tennis clubs, theaters, yoga studios and youth clubs (Executive Order 20-12)

- Must have a physical (storefront) presence in Lincoln City
- Preference will be given to businesses with 6 employees or less.
- National chains are ineligible.

Available Amount

- The amount due on the water/sewer bill at the time of application.

Item 3**FEEDING THE NEEDY IN LINCOLN CITY**

April 27, 2020

Judy Casper

The following groups have been engaged in feeding our community members since March 24, 2020. They have volunteered their time and money to make this happen. I suggest that they be provided financial assistance in the form of grant gift certificates for supplies, during this pandemic situation. Their dedication and kindness should not go unsupported.

St. James Chris Hertlein, Pastor 541-418-1799

- Churches rotate to cook and serve: St James, 4 Square, Congregational, St. Augustine
- T-Th Dinners all churches donate; Sat – St. James sponsored breakfast=provides most food;
- Churches assign weeks that each one will cook and serve at St. James kitchen
- Serve 40-45 meals as “grab and go”; purchase food for 50 people; mostly @ CASH N CARRY; McKay’s provides eggs and some near expiration dated foods

Cost: \$120/meal/12 per mo = \$1500/ month***3 month cost: \$4500*****Shiloh Gathering Place** Martha Watts 541-921-9105, Pastor

- Serve meals as needed M-Th; phone # on door; will come to Shiloh when not open.
- Only place other than Food Pantry to provide food to go for meals away from site
- Meals served Jan-March: 3,000....typically serve 5000-6000/ year!
- Private donations of food and money; Shiloh purchases cases of food
- Provide vetted food and gas cards (no junk food or cigs, alcohol) through McKays and Space Age

Voucher cards cost: Food \$1000/mo Gas \$1000/mo 3 month cost: \$6000**Eagles in conjunction with Grill 1646** Dan Clanton 541-614-1646

and Frank Napoleon (former owner of Ocean’s Apart)

- Cook and deliver meals from Eagles on T-Th – 85-90% for seniors: Medically Fragile Immune Deficient
- 17 volunteer drivers 3-4 cooks; Funded donations and their own funds
- Meals @ Eagles: 500/ week; less than \$2 per meal; bread donated by Depoe Bay Bakery; 500 cupcakes/cookies/week donated by Michelle, at My Petite Sweet Bakery

Costs: US Foods (meats, food stuff) \$1500/ wk per mo = \$6000 3 mo cost: \$18,000***Smart Food Serv-boxes to go (biodegrade) \$50/200 per mo = \$400 3 month cost: \$1200*****(over)****Also the following bake for the Eagle kitchen meals:**

My Petite Sweet Michelle Mausen 541-921-5392

- 500 cupcakes/cookies/ week Cash & Carry most used **Cost: \$600/mo 3mo \$1800**

Depoe Bakery Ray Degele 541-961-6405

- Former Safeway Bakery manager & baked for Salishan; father was a baker; bakes on T & TH.
- Bake 500 rolls per week; or hoagie buns, or hamburger buns – depends on menu of the day.
- Provided every senior with a loaf of French Bread the first week- his gift to them

Costs: Cash & Carry for most supplies. **Cost: \$1600/mo 3 mo \$4800**

One month total \$ 12,100

3 MONTH GRAND TOTAL \$ 36,300

Item 4

The following are specific requests made by businesses and individuals.

Lincoln City Cultural Center

Requests restructuring nonprofit grants to be awarded to help nonprofits remain afloat. (Letter attached)

Defer or waive payments for City property that is leased.

The City leases seven properties – The Lincoln City Cultural Center, Career Tech, BFEY, Mckays Markets, Salmon Drift Creek Watershed Council, North Pacific (Mo's land lease) and the Lincoln City Glass Center. The estimated monthly revenue from all leases is approximately \$21,515.



MEMORANDUM

To: Lincoln City City Council
Ron Chandler, City Manager

From: The Lincoln City Cultural Center Board of Directors

Date: March 30, 2020

Re: Cultural Center Operations and Needs During the COVID19 Outbreak

The Lincoln City Cultural Center Board of Directors has voted to temporarily close the Cultural Center to all public activities through April 28, per guidance from the Governor's office. We especially thank the City for its leadership and proactive measures, as we all work to combat the COVID19 outbreak together.

Since the beginning of the public quarantine measures in mid-March, our program and rental income has disappeared, and our ability to generate charitable contributions seems quite uncertain. However, thanks to the support from the City, through the forgiveness of lease payments and investment in the Delake School's infrastructure, the LCCC has been able to maintain an operations reserve of \$40,000. This represents about two months of full staffing and mission delivery, but with the staff reduction measures outlined below, it may last a bit longer.

Here are the measures that we've taken:

- 1) As of April 1, we will lay off two full-time staff members (Events Manager, Visitors Center Manager) and three part-time staff members (Ceramics Instructor, Kitchen Manager, Janitor).
- 2) As of April 1, and until further notice, the LCCC will operate and fulfill its mission with a staff of three: the Executive Director, Business Manager and Art Gallery Manager, all with reduced hours.
- 3) The Center may open after April 28, for limited use depending on the restrictions set forth by city and state government. We will take advantage of this closure time to assist the City in its ongoing building projects (windows, south landing), but have no other maintenance plans at present.
- 4) The LCCC will apply for all possible emergency support avenues, including the Oregon Cultural Trust, State of Oregon and the Oregon Community Foundation.

The City's continued support is crucial for the survival of our nonprofit, and the many services it provides to our community. **Therefore, we respectfully ask that the City consider the following measures to help the center through this crisis:**

- A) **Fulfill the existing Visitors Center contract, which is good through the end of June, at its present level without hiatus.** In addition, it would be helpful to receive direction from Explore Lincoln City on the future of this contract opportunity (whether it will be going to bid and if so, when).
- B) **Allow current ELC nonprofit grants to be administered and paid out in new ways.** For example, events and activities that were previously funded may not be possible due to COVID19 restrictions. An easing of the grant restrictions and reporting timelines may allow for earlier release of those funds.

C) **Allow the 2020 ELC nonprofit grants to be awarded in a different way, so that those TRT monies can be used to keep nonprofits like ours afloat.** We request that the grant fund be increased, and the current grant guidelines be expanded to allow nonprofits to use grants for personnel and operations costs (currently not allowed). We also request that private businesses be prevented from using this fund, as the inclusion of these businesses may prevent smaller nonprofits from being competitive. This action is in line with the changes in grant requirements at the Oregon Arts Commission and the Oregon Cultural Trust, and will help the entire arts and events infrastructure of our tourist-based economy.

The LCCC Board of Directors welcomes any input that the City of Lincoln City might have on the operations of our community arts hub. Its closure is affecting hundreds of people who have come to rely upon its enriching programs as well as the employment, business opportunities and volunteer service outlets it provides. We are the city's partner in making our city an attractive place to live and visit, and we need your support.

Sincerely,

Dorcas Holzapfel, Chair
The LCCC Board of Directors

Cc: Ed Dreistadt, Director, Explore Lincoln City
Alison Nelson-Robertson, Director, Economic Development
Niki Price, LCCC Executive Director

Council Communication

Economic Development Toolbox: New Economic Development Tools

Meeting Date:	April 27, 2020	Primary Staff Contact:	Alison Robertson
Department:	City Council	E-Mail:	alisonr@lincolncity.org
Secondary Dept:		Secondary Contacts:	
Approval:	Ronald F Chandler	Estimated Time:	20 Minutes

Background:

- March 25, 2019, Agency and City both approved all Economic Development Tool objectives. Criteria for new Agency and City tools to be researched and brought back to the Agency and City for final program approval. City funds to be held for one year with public development site partnerships to have priority over fund requests. City toolbox funds will be available starting May 14, 2020.
- January 27, 2020, Agency and City both approved updated Façade Improvement Loan Program, Energy Efficiency Loan Program, Business Expansion Loan Program, and Local Program Support Grant. City funds to be held for public development site partnerships until May 14, 2020. Agency and City both requested a joint work session to discuss criteria for remaining tools.
- March 30, 2020, Agency and City had a joint work session to answer questions in developing program criteria for new economic development tools.

New Economic Development Tools

Staff would like discussion on program criteria for two new economic development tools.

- Pre-Development Assistance
 - Program Goal: System Development Charges and permit fees prepaid by URA to be repaid prior to Certificate of Occupancy or at time of sale or portion of sale. For Public Private Partnership Projects, fees for site preparation could also include tree survey, geotechnical/soils study, wetland delineation, environmental study and preliminary design/engineering as part of a Development Agreement.
- Infrastructure Partners
 - Program Goal: For private redevelopment projects that support the efforts of the Agency and Community Vision Plans, the Agency will partner to construct necessary and required public works infrastructure such as water, sewer and storm mainline extensions, also sidewalks, off-street parking, curbs and gutters. This may also include telecommunications assistance,

such as access to high speed broadband, to foster job creation and economic development objectives.

Possible Motions by Council

- Motion to approve Pre-Development Assistance Program and Infrastructure Partners Program, and authorize staff to make any minor administrative edits.
- Direct staff to revise program criteria.

Attachments:

InfrastructurePartners_DRAFT (DOCX)

Pre-DevelopmentAssistance_DRAFT (DOCX)

Application_AllPrograms (PDF)

INFRASTRUCTURE PARTNERS PROGRAM

PROGRAM GOAL

The goal of this program is to provide assistance for private redevelopment projects that support the efforts of the Urban Renewal Agency (URA), City Council (Council), and Community Vision Plans. The URA or Council will partner to construct necessary and required public works infrastructure such as water, sewer and storm mainline extension, also sidewalks, off-street parking, curbs and gutters. This may also include telecommunications assistance, such as access to high speed broadband, to foster job creation and economic development objectives.

FINANCING

There are two funding sources for this program; City Economic Development funds (*funds are restricted to public property development partnerships until after May 14, 2020*) and Urban Renewal Agency funds (if the property is located within the Year 2000 Urban Renewal District). Funds are available on first come, first served basis, and are subject to availability of annual funding. This program can only provide funds for future work, not work already completed.

Funds can be made available as a short-term loan with repayment at Certificate of Occupancy, time of sale, or portion of sale. Funds can also be financed and repaid over time, not to exceed ten years.

This program may be combined with another City or URA program, so long as the total amount borrowed does not exceed \$150,000 per applicant.

Applicants will be awarded funding based on their ability to support Council and URA goals and objectives for economic development and housing, including:

- Encourage the development of affordable and workforce housing
- Provide family-wage jobs to locate in Lincoln City
- Support the success and growth of existing businesses and entrepreneurs
- Foster Lincoln City's recreation and tourism-based economy, particularly during off-peak times
- Support business that provides for the day-to-day needs of Lincoln City residents

ELIGIBILITY

Applicants may request assistance for construction or redevelopment of commercial, industrial, mixed-use, affordable housing, and workforce housing properties.

Eligible activities include, but not limited to:

- Construction of water, sewer, and storm mainline extension
- Construction of sidewalks, off-street parking, curbs and gutters
- Telecommunications assistance, such as access to high speed broadband

Property must be located within Lincoln City city limits.

Ineligible activities: including, but not limited to, working capital, refinancing of existing debt, security systems, personal property, inventory, rip rap or shoreline stabilization, billboards, and credit card debt.

APPLICATION PROCESS

1. Forms are available online (www.LincolnCity.org) and in the Urban Renewal Office, City Hall, 801 SW Highway 101, Room 350. Submit completed pre-application form to the Urban Renewal Office. Staff will initially determine when a pre-application is substantially complete and meets the program objectives. Completed applications will include in part:
 - pre-application form
 - requested funding amount
 - evidence of property ownership
 - property equity information
 - preliminary design drawings, if available
 - itemized cost estimates from suppliers or licensed contractor, as applicable
 - description of business plan, including intended staffing objectives
 - estimated development completion time
2. Pre-application is forwarded to the Outside Loan Officer who will request preliminary title reports, credit reports, and appraisals or will perform alternative procedures to determine credit worthiness of the applicant for the proposed project. The applicant must demonstrate the ability to repay the loan in a timely manner and may be asked to provide the following information to the Outside Loan Officer:
 - Business Plan or detailed description of your business
 - Breakdown of use of funds for the project
 - Personal financial statements
 - Resumes of business or property owner
 - Business income statement and balance sheet for past 3 years
 - Projected income statements
3. Outside Loan Officer provides summarized financial information about the applicant's ability to repay the loan to staff to include in the application packet for the URA or City Loan and Grant Committee (Committee) to review. Application packet is issued an anonymous number to be used in public meetings (until approval; projects may be made public after approval of funding).
4. Application packet is presented to the Committee to determine whether the project meets the mission and purpose of the Infrastructure Partners Program and for tentative approval to process. The Committee, at its discretion, may consider other conditions or building appurtenances.
5. If the Committee recommends approval, the application packet is sent to either the URA or Council for final approval. In certain circumstances, the URA or Council may authorize a higher funding amount.

CONDITIONS AND CONSIDERATIONS

1. The Lincoln City City Council and/or Urban Renewal Agency shall have the sole authority to approve an application.
2. The borrower must demonstrate the ability to repay the loan in a timely manner.
3. Processing and closing fees are paid by the borrower and not included in the loan amount, unless otherwise noted.
4. The bank loan is to be a construction-type loan. Funds are disbursed as work is completed and verified.
5. Projects should begin and be completed in a timely manner following approval from Council or URA.

6. Repayment begins after first draw request, with payments based on entire loan amount.
7. Loan cancellation and repayment occur if borrower fails to comply with the conditions of the loan. Penalties may apply.
8. Applicant must be current with all applicable taxes, licenses and fees.
9. For improvements to real property, where not currently available, the plan must meet American with Disabilities Act compliance for accessibility from at least one entrance at street level.
10. Note is due upon maturity, refinancing or sale of the business or property as applicable.
11. Before any funds are distributed, loan applicant must obtain all necessary approvals including those from Lincoln City Planning and Public Works Departments.
12. Project may be made public and used for marketing economic development projects after approval of funding.

COLLECTION POLICY

Delinquencies, collection procedures, and foreclosures will be in accordance with procedures of all participating financial partners.



For more information, please contact the
Lincoln City Urban Renewal Office at 541-996-1095



PRE-DEVELOPMENT ASSISTANCE PROGRAM

PROGRAM GOAL

The goal of this program is to provide pre-development assistance for Lincoln City property owners with redevelopment or significant renovation plans in excess of 50% of property value.

FINANCING

There are two funding sources for this program; City Economic Development funds (*funds are restricted to public property development partnerships until after May 14, 2020*) and Urban Renewal Agency (URA) funds (if the property is located within the Year 2000 Urban Renewal District). Funds are available on first come, first served basis, and are subject to availability of annual funding. This program can only provide funds for future work, not work already completed.

Funds can be made available as a short-term loan with repayment at Certificate of Occupancy, time of sale, or portion of sale. Funds can also be financed and repaid over time, not to exceed ten years.

This program may be combined with another City or URA program, so long as the total amount borrowed does not exceed \$150,000 per applicant.

Applicants will be awarded funding based on their ability to support City Council (Council) and URA goals and objectives for economic development and housing, including:

- Encourage the development of affordable and workforce housing
- Provide family-wage jobs to locate in Lincoln City
- Support the success and growth of existing businesses and entrepreneurs
- Foster Lincoln City's recreation and tourism based economy, particularly during off-peak times
- Support business that provide for the day-to-day needs of Lincoln City residents

ELIGIBILITY

Applicants may request the following types of pre-development assistance:

- System Development Charges,
- Permit fees
- Survey work (geotechnical/soils, topographical, tree, etc.)
- Environmental site assessment (Level I, Level II, etc.)
- Wetland delineation
- Consult for feasibility study

Workforce housing projects within a tsunami evacuation zone must bring buildings up to code.

Assistance must support intended projects that are greater than 50% of property value.

Property must be located within Lincoln City city limits.

Ineligible activities: including, but not limited to, working capital, refinancing of existing debt, security systems, personal property, inventory, commercial projects in tsunami

evacuation zones, rip rap or shoreline stabilization projects, billboards, and credit card debt.

APPLICATION PROCESS

1. Forms are available online (www.LincolnCity.org) and in the Urban Renewal Office, City Hall, 801 SW Highway 101, Room 350. Submit completed pre-application form to the Urban Renewal Office. Staff will initially determine when a pre-application is substantially complete and meets the program objectives. Completed applications will include in part:
 - pre-application form
 - requested funding amount
 - evidence of property ownership
 - property equity information
 - preliminary design drawings, if available
 - itemized cost estimates from suppliers or licensed contractor, as applicable
 - description of business plan, including intended staffing objectives
 - estimated development completion time
2. Pre-application is forwarded to the Outside Loan Officer who will request preliminary title reports, credit reports, and appraisals or will perform alternative procedures to determine credit worthiness of the applicant for the proposed project. The applicant must demonstrate the ability to repay the loan in a timely manner and may be asked to provide the following information to the Outside Loan Officer:
 - a. Business Plan or detailed description of your business
 - b. Breakdown of use of funds for the project
 - c. Personal financial statements
 - d. Resumes of business or property owner
 - e. Business income statement and balance sheet for past 3 years
 - f. Projected income statements
3. Outside Loan Officer provides summarized financial information about the applicant's ability to repay the loan to staff to include in the application packet for the URA or City Loan and Grant Committee (Committee) to review. Application packet is issued an anonymous number to be used in public meetings (until approval; projects may be made public after approval of funding).
4. Application packet is presented to the Committee to determine whether the project meets the mission and purpose of the Pre-Development Assistance Program and for tentative approval to process. The Committee, at its discretion, may consider other conditions or building appurtenances.
5. If the Committee recommends approval, the application packet is sent to either the URA or Council for final approval. In certain circumstances, the URA or Council may authorize a higher funding amount.

CONDITIONS AND CONSIDERATIONS

1. The Lincoln City City Council and/or Urban Renewal Agency shall have the sole authority to approve an application.
2. The borrower must demonstrate the ability to repay the loan in a timely manner.
3. Processing and closing fees are paid by the borrower and not included in the loan amount, unless otherwise noted.
4. The bank loan is to be a construction-type loan. Funds are disbursed as work is completed and verified.

5. Projects should begin and be completed in a timely manner following approval from Council or URA.
6. Repayment begins after first draw request, with payments based on entire loan amount.
7. Loan cancellation and repayment occur if borrower fails to comply with the conditions of the loan. Penalties may apply.
8. Applicant must be current with all applicable taxes, licenses and fees.
9. For improvements to real property, where not currently available, the plan must meet American with Disabilities Act compliance for accessibility from at least one entrance at street level.
10. Note is due upon maturity, refinancing or sale of the business or property as applicable.
11. Before any funds are distributed, loan applicant must obtain all necessary approvals including those from Lincoln City Planning and Public Works Departments.
12. Project may be made public and used for marketing economic development projects after approval of funding.

COLLECTION POLICY

Delinquencies, collection procedures, and foreclosures will be in accordance with procedures of all participating financial partners.



For more information, please contact the
Lincoln City Urban Renewal Office at 541-996-1095





Lincoln City Urban Renewal and Economic Development Application for Assistance

1. Economic Development Program requested:
(See Economic Development Toolbox program descriptions) _____

2. Applicant / Operating Business

Name: _____
Tax ID#: _____
Mailing Address: _____
Project Address: _____
Contact Person: _____
Phone: _____
Email: _____

3. Owner of property (if not applicant)

Name: _____
Mailing Address: _____
Phone: _____
Email: _____

4. Brief description of the proposed project:

5. Estimated project completion date: _____

6. Total cost of project: _____

7. Amount of Loan/Grant request: _____

8. For Energy Efficiency programs:

Total Incentives: _____ Total Credits: _____

9. If applicant is not the owner of the subject property, does applicant have:

Lease: _____ Yes _____ No Expires: _____
Other: _____

10. To be included with application:

_____ Authorization from Property Owner (as needed)	_____ Evidence of ownership page (Business and Property, as applicable)
_____ Plot plan (as needed)	_____ Preliminary design drawings (as needed)
_____ Cost estimate from licensed contractor (as applicable)	_____ Property equity information
_____ Energy Assessment and evidence of project registration (for Energy Efficiency programs)	

11. Applicant to Coordinate with Planning and Public Works Departments

The applicant understands that the approval of funding is separate from any required reviews, approvals, building permits, fees, and/or any granting of change in property use.

The applicant and the property owner are responsible to coordinate with the appropriate County and/or City Planning and Public Works Departments.

12. Certification by Applicant

The applicant certifies that all information in this application, and all information furnished in support of this application is true and complete to the best of the applicant's knowledge.

If the applicant is not the owner of the property to be renovation, or if the applicable business is a partnership, corporation, etc. rather than an individual, the applicant certifies that he/she/they has the authority to sign and enter into an agreement to perform any renovation or other work associated with this proposed project, on the property.

Applicant is current with all City taxes, licenses and fees.

Applicant's Signature Date

Applicant's Signature Date

Return completed application and all necessary attachments to:

Lincoln City Urban Renewal
801 SW Hwy 101 – P.O. Box 50
Lincoln City, Oregon 97367

For additional information, call Lincoln City Urban Renewal at 541-996-1095

Council Communication

Construction Contingency Increase

Meeting Date:	April 27, 2020	Primary Staff Contact:	Lila Bradley
Department:	Public Works	E-Mail:	LBradley@lincolncity.org
Secondary Dept:		Secondary Contacts:	
Approval:	Ronald F Chandler	Estimated Time:	5 minutes

Question:

Should the City Council approve an increase in contingency for the Lincoln Square ADA Improvements & US 101: SE 8th – SE 14th PED Ramps Construction Project?

Staff Recommendation:

Staff recommends the Council approve an increase in contingency for the Lincoln Square ADA Improvements & US 101: SE 8th – SE 14th PED Ramps Construction Project.

Authority:

Lincoln City Municipal Code Chapter 2.05 vests contract authority in the Local Contract Review Board (LCRB), except for authority delegated to the Manager and Department heads. The dollar amount of the contract requires approval by the LCRB.

Background:

On September 23, 2019, Council approved a construction contract award to K&E Excavating, Inc. in the amount of the bid, \$916,190.00 (\$513,008.00 for ODOT's curb ramp replacement project and \$403,182.00 is for the City's Lincoln Square improvement project) and a construction contingency of \$20,000.00.

As of April 17, we have received five change order requests, staff agrees with the need for the change orders. The following table describes the change orders to date.

The change orders to date total \$30,198.41. The ODOT change orders total \$12,419.70 and the City project change orders total \$17,778.71. The ODOT project is roughly 85% complete and the City project is roughly 60% complete. Staff is requesting the contingency be increased to \$45,000 (an additional \$25,000.00) to cover change orders one through five and cover any additional change orders needed to complete the project. All change orders are approved through the City Manager and ODOT.

Council Options:

Approved the increase in contingency.

Not approve the increase in contingency and remove work from the contract.

Financial Impact

The budget amount was \$513,008.00 from ODOT and \$403,182.00 from City Street Capital. The increase in contingency would come from the remaining City budget funds and ODOT will pay their share of the change order work.

Potential Motions:

Move to approve an increase in contingency for the Lincoln Square ADA Improvements & US 101: SE 8th – SE 14th PED Ramps Construction Project for \$25,000.00.

Change Order No.	Reason	Project	Amount
1	Adds traffic control omitted in plans	ODOT	\$4,995.24
2	Adds additional bid item for placement of electrical conduit for future city hall sign installation.	City	\$3,690.00
3	Adds additional bid item for the time & materials needed to replace the loop detector, and install a traffic rated junction box (JB-4 through JB-8) at SW 11 th and Highway 101	ODOT	\$7,424.46
4	Adds additional bid item for the time & materials needed to replace the loop detector, and install a traffic rated junction box (JB-4 through JB-8) at SW 11 th and Highway 101	City	\$12,263.71
5	Adds lump sum item to install new, 6" storm pipe from the rebuilt Lincoln Square catch basin to the Hwy storm system	City	\$1,825.00

Council Communication

Change in Award

Meeting Date:	April 27, 2020	Primary Staff Contact:	Stephanie Reid
Department:	Public Works	E-Mail:	SReid@lincolncity.org
Secondary Dept:		Secondary Contacts:	
Approval:	Ronald F Chandler	Estimated Time:	5 min

Question:

Should the City Council award the construction contract to complete the Hwy 101 Sidewalk and Bike Improvements from SE 19th Street to SE 23rd Street to K&E Excavating, Inc?

Staff Recommendation:

Staff recommends the Council award the construction contract to complete the Hwy 101 Sidewalk and Bike Improvements from SE 19th Street to SE 23rd Street to K&E Excavating, Inc.

Authority:

Lincoln City Municipal Code Chapter 2.05 vests contract authority in the Local Contract Review Board (LCRB), except for authority delegated to the Manager and Department heads. The dollar amount of the contract requires approval by the LCRB.

Background:

On October 14, 2019, City Council awarded the Hwy 101 SE 19th to SE 23rd sidewalk construction contract to R&R General Contracting with a contract cost and contingency totaling \$551,099.00

The City objected to the manner in which the contract was proceeding with the work. On March 20, 2020, the contractor and the City agreed it was in the best interest of both parties if R&R ceased construction and agreed the remaining work would be performed by others. The City Manager exercised his authority under LCMC 2.05.080.A.2. (Emergency Contract) because the estimated work remaining was less than \$100,000 and the circumstances created a risk to public health and safety. K&E Excavation, Inc, who was second low bidder on the job and was mobilized in Lincoln City for other

projects, agreed to immediately complete the remaining work on a time and materials basis. [See City Manager supporting materials attached].

The cost to complete the contract proved more expensive than originally contemplated. As a consequence, the City Manager is requesting the Council authorize the contract under LCMC 2.05.080.A.3. Of the original approved contract and contingency amount, \$153,171.50 remains and K&E estimates the remaining work cost will total \$135,000.00.

Council Options:

Award the construction contract to complete the Hwy 101 Sidewalk and Bike Improvements from SE 19th Street to SE 23rd Street to K&E Excavating, Inc.

Financial Impact

Work is estimated to be completed within the amount approved for the original construction contract with R&R General Contractors.

Potential Motions:

Award the construction contract to complete the Hwy 101 Sidewalk and Bike Improvements from SE 19th Street to SE 23rd Street to K&E Excavating, Inc.

Attachments:

Findings for Emergency Award of contract (DOCX)

Findings: Emergency Contract Award

Highway 101 Sidewalk (SE 19th to SE 23rd) – City Project # 16015

Date: March 17, 2020

Lincoln City Public Works has reduced the scope of work for the Highway 101 Sidewalk (SE 19th to SE 23rd) construction contract with R&R General Contractors, Inc. R&R General Contractors, Inc. failed to comply with the contract documents and Standard Specifications, including but not limited to: continual commencement and performance of work, failure to adhere to the reported construction schedule with required schedule updates in a timely manner, and refusing explicit direction by the City Engineer to address the corrections requested for safe highway access.

The above delay has resulted in unsafe conditions for drivers, bikers, & pedestrians, negatively impacted business along the project frontage, resulted in numerous property owner complaints, and cost the city additional time and labor to address outstanding work. Work has been completed by city crews to address the immediate safety & access issues, but the project site still requires immediate attention to address remaining pedestrian and bicycle safety concerns.

K&E constitutes the second low bid for the project and has agreed to complete the remaining items on a Time & Materials basis. K&E Excavating has agreed to immediately mobilize onto the project site and complete the remaining work within the specified contract time.

\$323,195.70 of the approved \$526,048.95 contract amount has been paid to the contractor. Another \$47,650.00 of contract work and \$5,350.00 of change order work will be completed, totaling \$376,145.70

Remaining contract work is estimated to be \$90,000.00.



City of Lincoln City | 801 SW Highway 101 | PO Box 50 | Lincoln City, OR 97367 | 541.996.2154
Urban Renewal & Economic Development | lincolncity.org

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Call 541-996-1221, Oregon Relay 7-1-1, or visit the website with request.