

**Deschutes County Workforce Home Ownership for Median-income Earners (Workforce HOME) Fund
Memorandum of Understanding
UPDATED DRAFT 4/1/2024**

OVERVIEW:

NeighborImpact will implement the Home Ownership for Median-income Earners (HOME) Fund (“Program”) with initial funding from Deschutes County (“County”). Additional funding for the Program may be provided by additional alternate sources. The intent of the Program is to provide a Developer Incentive per “Workforce Home” (defined as a home built in Deschutes County and sold within a price range determined to be affordable to a buyer who makes above 80% and up to 120% area median income (“AMI”) in Deschutes County, as determined on an annual basis by the U.S. Department of Housing & Urban Development [“HUD”]). The buyer is required to a) make above 80% and up to 120% AMI for Deschutes County as determined by HUD, and b) be employed by or have an offer of employment from a Deschutes County employer (defined as a business or other enterprise [private or public] that has been in business in Deschutes County for at least 6 months from the date of buyer eligibility determination, and is registered by the Oregon Secretary of State with a principal place of business located in Deschutes County); in totality, these criteria comprise the definition of “Qualifying Income”. The Workforce Home sales price is considered affordable when no more than 30% of annual household income of the buyer is spent on housing, including mortgage principal and interest; taxes; property insurance; and mortgage insurance.

The Workforce Home will be built by a developer (“Developer”) or builder/developer (“Developer”). The Developer Incentive is a \$30,000 cash payment made payable to the Developer building the Workforce Home. The Developer Incentive will be paid to the Developer from an escrow account opened by NeighborImpact after a) the building permit has been submitted to the applicable jurisdiction for approval, and b) the Developer has submitted its application for a Developer Incentive to NeighborImpact declaring their intention to build a Workforce Home. The incentive can be utilized by the Developer at their discretion to offset the high cost of developing a Workforce Home in Deschutes County.

To ensure on-going affordability, a 30-year deed restriction will be recorded by a licensed title and escrow company against the lot on which the Workforce Home will be built, and signed by the Developer prior to dispersal of the Developer Incentive. If the Developer does not own the lot on which the Workforce Home will be built, the lot owner must consent in writing to the recording. The deed restriction will require the Workforce Home to be the buyer’s primary residence; place restrictions on the future Workforce Home sale price; and prohibit the buyer from obtaining a home equity line of credit or second mortgage, or refinancing the existing mortgage to take cash out. The deed restriction will require the buyer of a Workforce Home to contact HousingWorks prior to re-sale in order to determine the eligible sales price based on HUD-established AMI limits for Deschutes County for the year of sale. HousingWorks shall also provide a list of references of nonprofit housing providers who are capable of purchasing or assisting in the sale of the Workforce Home to a qualified buyer.

The Developer must a) submit Workforce Home building permit to the applicable jurisdiction for approval, and b) submit its application for a Developer Incentive to NeighborImpact declaring their intention to build a Workforce Home before NeighborImpact will open an escrow account to hold the Developer Incentive; the application for a Developer Incentive qualifies as a sales agreement, and allows for an escrow account to be opened. After the required deed restriction has been recorded, NeighborImpact will convey the funds to the escrow account, whereupon a licensed Deschutes County title and escrow company will distribute the Developer Incentive to the Developer.

Partners currently include NeighborImpact, Housing Works, Deschutes County and Central Oregon Builders Association (“Partners”). Additional Partners may be added if and when additional funding is secured.

ROLES AND RESPONSIBILITIES OF PARTNERS:

NeighborImpact shall be responsible for the following:

(A) Developer and Proposed Eligibility Determination

- Providing ongoing maintenance of the application process and affordability standards. Only the following can be considered in the housing costs: principal, interest, tax, and insurance costs as described in the Overview section above. The affordability standards will be regularly updated to reflect annual updates by HUD to Deschutes County AMI limits. The affordability standards will be attached to the Developer application and available at community development departments located in the County (“CDDs”) to provide Developers with up-to-date affordability data.
- Accepting applications from Developers and confirming that final sales price meets affordability standards.
- Communicating with CDDs and Developers as needed to track construction status and monitoring funding commitments.
- Maintaining oversight of Program funding commitments; communicating with CDDs and Partners if/when funding is fully committed.
- Mailing Workforce Home buyer confirmation letter on an annual basis to remind Workforce Home buyers of their Workforce Home’s status as a Workforce Home and their obligations for maintaining such status.

(B) Outreach and Workforce Home Buyer Eligibility Determination

- Ongoing outreach on Workforce Home purchase opportunities, including posting purchase opportunities on NeighborImpact website, outreach via newsletters and social media posts, and other methods.
- Verifying income of interested buyers.
- Verifying buyer’s employment is located in the County.
- Verifying that the Workforce Home will be buyer’s primary residence.
- Certification of eligible Workforce Home buyers.
- Providing Homebuyer Education classes, a requirement for interested Workforce Home buyers.
 - Homebuyer Education classes to be paid for by the interested Workforce Home buyers.
- Ensure buyer has signed off on appropriate documentation confirming their understanding of the deed restriction time frame; sales price limitation; primary residence; and mortgage restrictions.

(C) Developer Incentive Administration

- Upon application and building permit submittal, verifying Workforce Home eligibility
- Setting up escrow with a licensed Deschutes County title and escrow company to administer recording of a deed restriction and issuance of incentive.
- Issuance of 1099 form, and/or other required payment documents.
- At closing of initial sale, verifying Developer eligibility and buyer eligibility.
- Send check for Developer Incentive to the licensed Deschutes County title and escrow company to distribute to Developer.
- Verification to escrow company that Developer has satisfied program requirements.
- Maintain list of homes that have received Developer incentives, and convey updated list to HousingWorks on an annual basis.

(D) Administrative Functions

- Submitting reports to County and any additional funding partners in regard to Program status, funding commitments, and outcomes.
- Participating in efforts to secure new funding for the Program.

Central Oregon Builders Association shall be responsible for the following:

- Development of the initial Program application and affordability standards.

- Outreach and engagement with CDDs to establish Developer access to Program information and Program application materials during the building permit application process.
- Outreach to Developers and the building community to market the availability of the Program and encourage Developers to be involved.
- Creation of deed restriction template, agreed upon by County legal staff as the required deed restriction for the program.
- Outreach to licensed title and escrow companies in Deschutes County to explain program.

Housing Works (Regional Housing Authority) shall be responsible for the following:

- Participate as the contacting agent upon resale of the Workforce Home in the recorded deed restriction.
- Act as a resource for Workforce Home owner to determine eligible resale price based on HUD-established AMI for Deschutes County for the current year.
- Provide a list of references of nonprofit housing providers who are capable of purchasing or assisting in the sale of the Workforce Home to a qualified buyer.

PROGRAM PROCESS:

NeighborImpact will review application and deem complete. Developer incentives will generally be committed/obligated on a “first come, first served” basis for eligible applicants. Upon confirmation of Program eligibility the following items will be initiated by NeighborImpact.

Developer Items:

- Open an escrow account with a licensed Deschutes County title and escrow company.
- Provide confirmation to licensed title and escrow company that the Developer has submitted an application for a Developer incentive, and submitted a building permit to the applicable jurisdiction.
- Establish date of close of escrow
- Confirmation of \$30,000 incentive to be paid to the Developer and appropriate funds disbursement.
 - Include escrow recording duty
- Provide confirmation of recorded deed restriction on property with terms outlined to NeighborImpact and accepted on application.
- Developer is responsible to pay deed restriction recording fee and escrow fee.
- Developer must notify NeighborImpact when the workforce home is available for sale.

Listing Home to Eligible Buyers:

- Conduct outreach and communicate the workforce home purchase opportunity to the public in order to ensure compliance federal Fair Housing commitments.
- If Workforce Home is listed through Multiple Listing Service (MLS), confirm that the listing outlines income eligibility, Deschutes County employment requirements, and 30-year affordability requirement.
- MLS listing must include owner occupancy requirement.

At Closing of Initial Sale:

- Confirm that the Workforce Home has met the program eligibility requirements.
- Confirm that the Developer requirements outlined have been completed and considered satisfied and communicate to licensed title/escrow company.
- Verify buyer has met Qualifying Income requirements.

Program Maintenance:

- Annually, NeighborImpact will issue notification letters to all owners of Workforce Homes purchased through this Program. The purpose of the notification letter is to:
 - a. Request verification that the Workforce Home is occupied by the buyer certified at the time of sale;
 - and

- b. To provide information on the deed restriction and the resale process to ensure Workforce Home buyers are aware of the resale process and contact information for NeighborImpact and Housing Works.
- An annual report will be submitted to any and all funding partner(s) upon full expenditure of Program funding.

The information collected will be used to maintain record of the status of each workforce home and to identify any compliance issues or need for Workforce Home buyer technical assistance. If NeighborImpact determines through this notification process that a home was sold or otherwise transferred to a new buyer in contradiction to the deed restriction, NeighborImpact will notify Deschutes County of the potential need for legal action.

DEFAULT:

The Developer is considered in default if the Developer engages in a sale, transfer, or assignment in violation of the terms of this document, or changes the use of the property without NeighborImpact's prior written consent. In the event that the Developer does not satisfy the Program requirements by failing to sell the Workforce Home at a qualifying price to a qualified buyer, the deed restriction will remain with the property. The Developer may be subject to litigation if the funding partner(s) decides to recoup their funds.

If, for any reason, NeighborImpact determines prior to closing that a Workforce Home buyer does not qualify for the purchase of a Workforce Home, the Developer will be notified. It is the Developer's responsibility to communicate this information to the listing agent. After becoming aware that the Workforce Home sale will not close, the Developer will ensure that any new prospective Workforce Home buyer is qualified by NeighborImpact prior to sale.

In the event of default by either the Developer, the Workforce Home buyer, or any subsequent owners, they may be subject to litigation if the funding partner(s) decides to recoup their funds, and the deed restriction will remain with the property. The Developer will acknowledge that in receiving the Incentive, the funding partner(s) has foregone other opportunities to fund projects that would have resulted in the long-term availability of Workforce Homes. In addition, the Developer, Workforce Home buyer, and any subsequent owners will acknowledge that the enforceability of the deed restriction is not specifically linked to the Developer Incentive amount, and that repaying the Developer Incentive amount is not a sufficient remedy for violating the terms of the deed restriction.

Any funding partner(s) may take such other action available at law, in equity, or otherwise as may appear necessary to enforce the covenants, conditions, agreements and/or obligations of the Developer, Workforce Home buyer, or any subsequent owners in this Declaration, in such order and manner as it may select, to recover monetary damages caused by such violation or attempted violation of any covenant, condition, agreement, and/or obligation. Such damages to include but not be limited to all costs, expenses including, but not limited to, staff and administrative expenses, fees including but not limited to all reasonable attorneys' fees and costs which may be incurred by the funding partner(s) or any other party in enforcing or attempting to enforce the deed restriction following any event of default on the part of the Developer, Workforce Home buyer, any subsequent owner or its successors, whether the same shall be enforced by suit or otherwise; together with all such costs, fees and expenses which may be incurred in connection with any amendment to the deed restriction or otherwise at the request of the Developer, Workforce Home buyer, and any subsequent owner.

No funding partner(s) has any obligation or requirement to enforce the deed restriction, or to seek any remedy under the terms outlined in the deed restriction.

RESALE:

The deed restriction will include all Program rules and eligibility factors, including the requirement that the Workforce Home be re-sold to a buyer who meets the employment eligibility requirements, and that all future

sales meet the affordability requirements of a Workforce Home, as outlined on Page 1 of this document. Prior to resale, Workforce Home owner must contact the regional housing authority (currently doing business as HousingWorks) in order to determine the new eligible sales price for that year based on HUD-established AMI for Deschutes County, and to receive a reference to nonprofit housing providers who are capable of purchasing or assisting in the sale of the Workforce Home to a qualified buyer.

COMBINING PROGRAM WITH OTHER SHARED EQUITY PROGRAMS:

NeighborImpact recognizes that Developer applicants for this Program may intend to bundle or combine this incentive with other affordable/workforce housing incentives. This is permissible under this Program. However, in instances when a Developer utilizes multiple programs or incentives, the Developer must agree to the 30 year deed restriction associated with this Program.

SUCCESSORS

This Memorandum of Understanding shall apply to any successors of the duties of NeighborImpact and/or Housing Works.

INITIAL BUDGET:

In 2023, Deschutes County committed \$500,000 of Transient Room Tax revenue to the Fund, with an additional commitment to allocate a further \$500,000 of Transient Room Tax revenue to the fund in 2024. These funds will be distributed to NeighborImpact from the County at the time of agreement execution between NeighborImpact and funding partner(s), and will be held by NeighborImpact in a restricted fund for Program purposes only.

Deschutes County Funding:

Upon allocation of the initial \$500,000 for the 2023 commitment from Deschutes County, the funds will be budgeted in the manner described in Table A, below. The additional \$500,000 that Deschutes County committed to allocating in 2024 will be budgeted in the same manner.

Table A

Description	Budget Amount
Developer Incentive Payments – 16 Workforce Homes	\$480,000
NeighborImpact Administration – Fiscal administration, legal support, fund commitment monitoring, Developer communication/coordination, title company coordination, and associated administrative management costs.	\$20,000
TOTAL:	\$500,000

(B) Workforce Home Buyer Application Fee:

NeighborImpact will charge interested Workforce Home purchasers an application fee of \$400 for income verification and employment eligibility documentation. This fee will cover the cost of NeighborImpact staff to document income and employment eligibility based on HUD income verification procedures.

The application fee will remain comparable to fees assessed for similar services provided by NeighborImpact to local nonprofit Workforce Home Developers. The \$400 fee amount will be effective until initial allocation of funding is fully committed, including receipt of additional \$500,000 from Deschutes County later in 2024. After the initial funding period, NeighborImpact may, at its discretion, adjust the application fee amount based on an assessment of costs for performing the income verification, Workforce Home eligibility and increased business costs due to inflation and other factors.

CONTRACT PERIOD:

NeighborImpact agrees to perform the duties enumerated herein for the amount identified in the "Initial Budget" section above until the initial allocation of funding is fully committed, including an additional \$500,000 from Deschutes County later in 2024, from which NeighborImpact shall receive an additional \$20,000. As additional funding is received from additional sources, NeighborImpact's administrative fee may be re-negotiated to ensure the Program remains viable and well-managed.

PARTNERS:

Dated: _____

Signature

Print Name

Dated: _____

Signature

Print Name

STATE OF OREGON)
) ss.
County of _____)

This record was acknowledged before me on _____, 20__, by _____.

Notary Public for State of Oregon

STATE OF OREGON)
) ss.
County of _____)

This record was acknowledged before me on _____, 20__, by _____.

Notary Public for State of Oregon