

TILLAMOOK COUNTY

GRANT AGREEMENT #2023-MHF-3 MULTIFAMILY RENTAL HOUSING

This Grant Agreement is made and entered into by and between Tillamook County (“County”), and **Tyler Brogden** (Grantee”).

RECITALS

Whereas, in December 2020 Tillamook County voters approved a county-wide short-term rental operator license fee, which requires that seventy five percent (75%) of this fee be dedicated to housing initiatives;

Whereas, the funds provided under this Grant Agreement were derived from short-term rental operator license fees and designated for use on housing-related development projects;

Whereas, the County, with input from the Tillamook County Housing Commission and its Finance Committee, has reviewed Grantee’s application, submitted for the 2022 Multi-Family Rental Housing Fund grant cycle (the “Application”) and determined the **Brogden Bay City Project** (“Project”), as hereafter defined, is feasible and merits funding.

NOW THEREFORE, the parties agree as follows:

1. **Agreement.** This Grant Agreement shall include the following, which in the event of any inconsistency are to be interpreted in the following order of precedence:
 - A. This Grant Agreement without any Exhibits;
 - B. Exhibit A: Award Terms and Conditions;
 - C. Exhibit B: Award History and Progress Reporting;
 - D. Exhibit C: Grantee’s Application and Criteria Scoring;
 - E. Exhibit D: Grantee’s Pro Forma Summary.

2. **Grant.** In reliance upon Grantee’s Application and covenant to comply with all local, state and federal laws, rules and regulations as set forth herein, County agrees to provide the Grantee funds in the amount of **\$66,667.00** (sixty-six thousand six hundred and seven dollars), the use of which shall be expressly limited to the Project and the activities described in the Application.
 - A. The use of these funds shall be solely for pre-development site investigation, including feasibility studies, market studies, architectural drawings, engineering, and environmental studies. The purpose of these funds shall be for the future benefit of the community over the term of years stated in the Agreement.

- B. Subject to the terms and conditions of this Grant Agreement, County shall disburse the grant funds to Grantee following approval of the Board of County Commissioners.
3. Project Completion Date. The approved grant activities must be completed by December 31, 2023 ("Project Completion Date"). By the Project Completion Date, project pre-development due diligence will be completed, or underway. No later than 90 days after the Project Completion date, Grantee will provide to Community Development a Project Report to include:
- A. Project Narrative, including the projected number of units, mix of unit types, number of buildings, number of units in each building, and mix of unit rents by unit type.
 - B. Financial Accounting for all pre-development expenditures to date.
 - C. Findings from all professional pre-development services attached.
 - D. Tentative Site Plan diagram depicting property boundaries, lot area in acres or square feet, proposed lot lines, lot dimensions, existing and proposed rights-of-way, street dimensions, easements, feasible building sites on each lot, north arrow, scale and date, name of owner or authorized person, and the engineer or surveyor preparing the diagram(s).
 - E. Updated development Pro Forma detailing the projected total purchase price, current sources of capital, all current and projected uses of capital, and net operating income.
 - F. Statement explaining changes to the Project scope, if any, that differ from the Application.
4. Grantee's Covenants – Compliance with Laws.
- A. The Grantee agrees to comply, and cause its agents, contractors and subgrantees to comply, with all applicable local, state and federal laws, regulations, policies, guidelines, and requirements with respect to the use of and the administration, distribution, and expenditure of the funds provided under this Grant Agreement.
 - B. The Grantee shall maintain all fiscal records relating to this Grant Agreement.
 - C. The Grantee will assume all the responsibilities for review, decision-making and action pursuant to all federal, state, and local laws for Project completion.
 - D. The Grantee shall be responsible for the operation and maintenance of the Project.
 - E. The Grantee shall hold legal title to the Project site to Project Completion, or put in place some other arrangement, satisfactory to the County, which will protect the investment of public funds. Violation of this provision may result in the Grantee returning all or part of the awarded funds that were distributed to the Grantee as described in Exhibit A.
5. Default and Remedies.
- A. Default. Grantee shall be in default under this Grant Agreement upon occurrence of any of the following events:

- (1) Grantee actions are not completed in a timely order and in accordance with the County's approval of a Progress Report provided for in this Grant Agreement.
 - (2) Any representation, warranty, or statement made by Grantee herein or in any documents or reports relied upon by County is untrue in any material respect when made.
 - (3) Any other significant breach of the terms and conditions of this Grant Agreement.
 - B. Remedies upon Default. If Grantee's default is not cured within a reasonable term, as defined by County, or such longer period as County may authorize at its sole discretion, County may pursue any remedies available under this Grant Agreement either at law or in equity. Such remedies include, but are not limited to, termination of this Grant Agreement.
6. Termination.
- A. County reserves the right to terminate this Grant Agreement immediately upon notice to the Grantee:
 - (1) if Grantee fails to perform or breaches any of the terms of this Grant Agreement; or
 - (2) if the Grantee is unable to meet the Project Completion Date or provide a reasonable updated timeline for completion; or
 - (3) if federal or state laws, regulations or guidelines are modified or interpreted in such a way that either the grant made pursuant to the terms of this Grant Agreement or payments to be made hereunder are prohibited.
 - B. County and Grantee may mutually agree in writing to terminate this Grant Agreement.
 - C. Termination of this agreement will result in the Grantee returning all or part of the awarded funds that were distributed to the Grantee as described in Exhibit A.
 - D. In the event of termination prior to Project completion, Grantee will return the full award without penalty and County will have no further obligations or liabilities under this Grant Agreement.
7. Indemnification. To the extent permitted by the Oregon Constitution and the Oregon Tort Claims Act, Grantee shall indemnify, defend, and hold harmless the County and its officers, employees, and agents from all claims, suits, actions, losses, damages, liabilities, costs and expenses of any nature resulting from, arising out of or relating to the activities of the Grantee or Grantee's officers, employees, sub-contractors, or agents under this Grant Agreement. Grantee's indemnifications shall extend to any and all claims arising out of or relating to Grantee's agreements with a non-government organization sponsored by Grantee and associated with this Grant Agreement, if any.
8. Miscellaneous.
- A. This Grant Agreement shall be null and void if this Grant Agreement is not signed, dated, and returned to County by the Grantee by June 30, 2023.

- B. County and the Grantee are the only parties to this Grant Agreement and are the only parties entitled to enforce its terms. Nothing in this Grant Agreement gives, is intended to give, or shall be construed to give or provide any benefit or right, whether directly, indirectly or otherwise, to third persons unless such third persons are individuals identified by name herein and expressly described as intended beneficiaries of the terms of this Grant Agreement.
- C. Grantee shall provide to County upon request, for review and approval of compliance with provision 4.A of this Grant Agreement, any lease agreements entered into between Grantee and tenants pursuant to rent thresholds described in the Application.
- D. Except as otherwise expressly provided in this Grant Agreement, any communications between the parties hereto or notices to be given hereunder shall be given in writing by personal delivery, facsimile, or mailing the same, postage prepaid, to County or the Grantee at the address or number set forth on the signature page of this Grant Agreement, or to such other addresses or numbers as either party may hereafter indicate. Any communication or notice so addressed and mailed shall be deemed to be given five (5) days after mailing. Any communication or notice delivered by facsimile shall be deemed to be given when receipt of the transmission is generated by the transmitting machine.
- E. This Grant Agreement shall be governed by and construed in accordance with the laws of the State of Oregon without regard to principles of conflicts of law. Any claim, action, suit or proceeding (collectively, "Claim") between County and Grantee that arises from or relates to this Grant Agreement shall be brought and conducted solely and exclusively within the Circuit Court of Tillamook County for the State of Oregon; provided however, if a Claim must be brought in a federal forum, then it shall be brought and conducted solely and exclusively within the United States District Court for the District of Oregon.
- F. This Grant Agreement and attached exhibits constitute the entire agreement between the parties on the subject matter hereof. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Grant Agreement. No waiver, consent, modification or change of terms of this Grant Agreement shall bind either party unless in writing and signed by both parties and all necessary County approvals have been obtained. Such waiver, consent, modification or change, if made, shall be effective only in the specific instance and for the specific purpose given. The failure of County to enforce any provision of this Grant Agreement shall not constitute a waiver by County of that provision or any other provision.

9. Project Contact.
Tyler Brogden
P.O. Box 3334
Bay City, OR
503-330-9193
tylerbrogden3@gmail.com

This Grant Agreement is hereby executed by Parties on the dates set forth below.

Dated this ____ day of _____, 2023.

RECIPIENT: Coastal Homes, LLC

Tyler Brogden
P.O. Box 3334
Bay City, OR
503-330-9193
tylerbrogden3@gmail.com

Dated this 29th day of March, 2023

THE BOARD OF COMMISSIONERS FOR
TILLAMOOK COUNTY, OREGON

Aye Nay Abstain/Absent

Erin D. Skaar, Chair

____ ____ ____/____

Mary Faith Bell, Vice-Chair

____ ____ ____/____

David Yamamoto, Commissioner

____ ____ ____/____

ATTEST: Tassi O'Neil, County Clerk

APPROVED AS TO FORM:

By: _____
Special Deputy

William K. Sargent
County Counsel

EXHIBIT A AWARD TERMS AND CONDITIONS

Strong accountability and transparency measures are provided for developers that apply for and receive public subsidies. Such measures are created in lieu of deed restrictions or restrictive covenants with the intent to streamline efficiency and eliminate unintended legal consequences. These include disclosure requirements, annual reports, and penalties for noncompliance.

Project Use of Funds

The use of Project funds is solely for pre-development due diligence. Applicant submitted a Pro Forma showing pre-development cost estimates, Project scope, and the projected rate of return based on the currently anticipated rental income.

Pre-development funds offer financing to cover a variety of development expenses—sometimes referred to as soft costs—incurred while determining the feasibility of a particular project, such as the costs of preliminary studies, architectural and engineering fees, and other exploratory work.

The required Project Report must be received by Community Development no later than 90 days after the Project Completion Date.

Conditional Affordability Commitment

County and Grantee duly acknowledge the risks and uncertainties are not fully known prior to pre-development due diligence.

Grantee conditionally committed to the following Project rent thresholds for a period of thirty (30) years:

Unit Type	Maximum Rent (AMI)	Quantity
2 BR	120%	4
2 BR	80%	16

The weighted average of the Project rent thresholds is 90% AMI. Any changes to the expected rent threshold shall be stated in the Progress Report and evidenced by the documentation contained therein.

Community Development publishes the annual rent thresholds no later than the second Monday of the year for which, following the effective date of the Housing and Urban Development Area Median Income for Tillamook County, the rent thresholds apply, and shall notify affected property owners via written notice as soon as practicable, in addition to publishing the thresholds on the County website.

Penalties for Default

Completion and approval of the Project Report will record the Applicant's benefit to the community. Failure to submit the Progress Report within 90 days of Project Completion,

and to the satisfaction of the County, shall constitute a default of the Agreement. A penalty for default equaling 10% of the award will be charged for every 30 days the Progress Report is late. Applicant will have a total of 14 calendar days to correct unsatisfactory submission without penalty.

Grantee will provide to Community Development a Project Report to include:

- A. Project Narrative, including the projected number of units, mix of unit types, number of buildings, number of units in each building, and mix of unit rents by unit type.
- B. Financial Accounting for all pre-development expenditures to date.
- C. Professional findings for all pre-development services attached.
- D. Tentative Site Plan diagram depicting property boundaries, lot area in acres or square feet, proposed lot lines, lot dimensions, existing and proposed rights-of-way, street dimensions, easements, feasible building sites on each lot, north arrow, scale and date, name of owner or authorized person, and the engineer or surveyor preparing the diagram(s).
- E. Updated development Pro Forma detailing the projected total purchase price, current sources of capital, all, all current and projected uses of capital, and net operating income.
- F. Statement explaining changes to the Project scope, if any, that differ from the Application.

EXHIBIT B

AWARD HISTORY AND PROGRESS REPORTING

Total Project Cost	\$ 5,003,500.00
Tillamook County Housing Award	\$ 66,667.00
Term of CONDITIONAL Affordability Commitment	30 Years

Award History and Progress Reporting	Date
APPLICATION	
Submitted	08/26/2022
Presentation to Housing Commission	08/30/2022
Housing Commission Conditional Approval	10/06/2022
BOCC Conditional Approval	11/09/2022
REPORTING	(Due no later than)
Progress Report	03/30/2024

EXHIBIT C

APPLICATION AND CRITERIA SCORING

Section 1: Applicant Criteria
Name - Primary Applicant
DBA
Map/Tax Lot
Acres
Amount Requested

Applicant 5	
Tyler Brogden	
Coastal Homes LLC	
1N1034AD00800	
10	
\$	400,000

Section 2: Project Information
Development Efficiency (Units Allowed:Total Units)
Units allowed
Total Number of Units
Multi-Phase Development?
Stage
Investment Efficiency (\$/unit)
Award Type Requested
Other Gap Sources Acquired
<i>Affordability Commitment req'd (years)?</i>

	Points
67%	13
30	
20	
Yes	4
Pre-Development	
\$ 20,000	1
Grant	0
None	0
No	0

Section 3: Affordability
Affordability Commitment (years)
Units 120% AMI or above (<i>Market Rate</i>)
Units 81%-120% AMI (<i>Low to Medium Income</i>)
Units 61%-80% AMI (<i>Low Income</i>)
Units 60% AMI or less (<i>Affordable Housing</i>)

	Points
30	3
0	0
4	6
16	48
0	0

Total Points: Quantitative Criteria
Total Points: Qualitative Criteria
Grand Total: Quantitative and Qualitative

72
30
102

Finance Committee & Housing Commission Recommendations
Percentage Funding

30%
10%
10%
17%
\$ 66,666.67

EXHIBIT D
PRO FORMA SUMMARY

Development Summary	\$5,003,500
Land	\$180,000
Wetland Delineation	\$8,500
Geotech Survey	\$60,000
Civil Engineering	\$75,000
Excavation	\$250,000
Power	\$140,000
Water	\$70,000
Sewer	\$130,000
Paving	\$90,000
Construction	\$4,000,000

Project Name	Bay City
Analyst	T. Brogden
Date	30-Aug-22

Source	5,003,500
Equity	300,000
Investors	300,000
Subsidies	-
Debt	4,703,500
Tranche 1	4,703,500
Tranche 2	
Uses	5,003,500
Purchase Price	5,003,500
Renovation	-
Legal	-
Bank	-
Personal	-
IDC	-
Tax Escrow	-
<Expansion>	
<Expansion>	
Finance Cost	-
Surplus/(Deficit)	-

DSCR Min	0.71
Cash-on-Cash Min	-32.37%
IRR	12.40%

Operations	AMI Rent	Qty	Units	I/P
2 bed/2 bath	120%	6	per month	2,000
2 bed/2 bath	100%	5	per month	1,800
2 bed/2 bath	80%	5	per month	1,600
2 bed/2 bath	70%	4	per month	1,400
Vacancy1				1.00%
Vacancy2				1.00%
Vacancy3				1.00%
Vacancy4				1.00%
Vacancy5				-
Rental Escalation			Annual	3.00%
Management			per Net Rev	7.00%
Repairs			per Net Rev	5.00%
Maintenance			per Net Rev	1.00%
Grounds			Per Year	10,000
Heat			Per Year	2,500
Electricity			Per Year	3,000
Water			Per Year	33,600
Property Tax			Per Year	54,900
Insurance			Per Year	25,000
<Expansion Exp7_PY>			Per Year	-
<Expansion Exp8_PY>			Per Year	-
<Expansion Exp9_PY>			Per Year	-
Expense Escalation			Annual	3.00%

Finance		I/P
Tranche 1		
Principal	Principal_T1	4,703,500
Term (Years)	Term_T1	30
IO Period	IO_Period_T1	0
Interest Rates	Interest_T1	6.00%
Structure (CPM:1, IO:2, Cu	Structure_T1	1
Origination Fee	Orig_Fee_T1	0.00%
Tranche 2		
Principal	Principal_T2	-
Term (Years)	Term_T2	20
IO Period	IO_Period_T2	0
Interest Rate	Interest_T2	3.00%
Structure (CPM: 1, IO:2, Cl	Structure_T2	1
Origination Fee	Orig_Fee_T2	0.00%

Valuation		
Capitalization Rate	Cap_Rate	5.00%
Sales Expense	Sales_Exp	5.00%
Discount Rate	Discount_Rate	10.00%

Sale Period	Sale_Term_Yr	10
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Valuation											
	Year	1	2	3	4	5	6	7	8	9	10
Revenue											
Rental		432,000	444,960	458,309	472,058	486,220	500,806	515,831	531,306	547,245	563,662
Vacancy		(4,320)	(4,450)	(4,583)	(4,721)	(4,862)	(5,008)	(5,158)	(5,313)	(5,472)	(5,637)
Total Revenue		427,680	440,510	453,726	467,337	481,358	495,798	510,672	525,992	541,772	558,025
Expenses											
Management		(29,938)	(30,836)	(31,761)	(32,714)	(33,695)	(34,706)	(35,747)	(36,819)	(37,924)	(39,062)
Repairs		(21,384)	(22,026)	(22,686)	(23,367)	(24,068)	(24,790)	(25,534)	(26,300)	(27,089)	(27,901)
Maintenance		(4,277)	(4,405)	(4,537)	(4,673)	(4,814)	(4,958)	(5,107)	(5,260)	(5,418)	(5,580)
Grounds		(10,139)	(10,447)	(10,765)	(11,092)	(11,430)	(11,777)	(12,135)	(12,505)	(12,885)	(13,277)
Heat		(2,535)	(2,612)	(2,691)	(2,773)	(2,857)	(2,944)	(3,034)	(3,126)	(3,221)	(3,319)

Electricity	(3,042)	(3,134)	(3,229)	(3,328)	(3,429)	(3,533)	(3,641)	(3,751)	(3,865)	(3,983)
Water	(34,066)	(35,102)	(36,170)	(37,270)	(38,403)	(39,571)	(40,775)	(42,015)	(43,293)	(44,610)
Property Tax	(55,661)	(57,354)	(59,099)	(60,896)	(62,748)	(64,657)	(66,624)	(68,650)	(70,738)	(72,890)
Insurance	(25,347)	(26,118)	(26,912)	(27,731)	(28,574)	(29,443)	(30,339)	(31,261)	(32,212)	(33,192)
<Expansion Exp7_PY>	-	-	-	-	-	-	-	-	-	-
<Expansion Exp8_PY>	-	-	-	-	-	-	-	-	-	-
<Expansion Exp9_PY>	-	-	-	-	-	-	-	-	-	-
Total Expenses	(186,387)	(192,033)	(197,850)	(203,843)	(210,018)	(216,380)	(222,935)	(229,688)	(236,646)	(243,814)
Net Operating Income (NOI)	241,293	248,477	255,876	263,494	271,339	279,418	287,738	296,305	305,127	314,211
Debt										
Tranche 1	(338,398)	(338,398)	(338,398)	(338,398)	(338,398)	(338,398)	(338,398)	(338,398)	(338,398)	(338,398)
Tranche 2	-	-	-	-	-	-	-	-	-	-
Total Debt	(338,398)	(338,398)	(338,398)	(338,398)	(338,398)	(338,398)	(338,398)	(338,398)	(338,398)	(338,398)
Net Sales Proceeds	-									
Operating FCF	(97,105)	(89,921)	(82,523)	(74,904)	(67,059)	(58,980)	(50,661)	(42,094)	(33,272)	(24,187)
Reversion FCF	-	-	-	-	-	-	-	-	-	2,211,605
Total FCF	(300,000)	(97,105)	(89,921)	(82,523)	(74,904)	(67,059)	(58,980)	(42,094)	(33,272)	2,187,418
DSCR	0.71	0.73	0.76	0.78	0.80	0.83	0.85	0.88	0.90	0.93
Minimum	0.71									
Cash-on-Cash	-32.37%	-29.97%	-27.51%	-24.97%	-22.35%	-19.66%	-16.89%	-14.03%	-11.09%	-8.06%
Minimum	-32.37%									

PV Operating	(419,754)	-96.96%
PV Reversion	852,669	196.96%
Total	432,916	100.00%
CF₀	(300,000)	
NPV	132,916	
IRR	12.40%	