

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF APPROVING THE ) RESOLUTION NO. 19-4997  
HOUSING AUTHORITY OF WASHINGTON )  
COUNTY'S REQUEST FOR AN AFFORDABLE ) Introduced by Interim Chief Operating  
HOUSING BOND MEASURE PHASE I PROJECT ) Officer Andrew Scott in concurrence  
CONCEPT ENDORSEMENT ) with Council President Lynn Peterson

WHEREAS, on June 7, 2018, the Metro Council adopted Resolution No. 18-4898, "For the Purpose of Referring to the Metro Area Voters a Ballot Measure Authorizing General Obligation Bond Indebtedness in an Amount Not to Exceed \$652 Million to Fund Affordable Housing; and Setting Forth the Official Intent to the Metro Council to Reimburse Certain Expenditures Out of the Proceeds of Said Bonds Upon Issuance," approving, certifying and referred by the Metro Council to the Metro Area voters on the November 6, 2018 General Election as Ballot Measure 26-199 ("Affordable Housing Bond Measure"); and

WHEREAS, at the General Election held on November 6, 2018, the Metro Area voters approved the Affordable Housing Bond Measure providing Metro with the authority under the laws of the State of Oregon and the Metro Charter to issue bonds and other obligations payable from ad valorem property taxes for the purpose of financing and identifying funds to be used for affordable housing; and

WHEREAS, on January 31, 2019, the Metro Council adopted Resolution No. 19-4975, "For the Purpose of Approving the Metro Affordable Housing Bond Measure Program Work Plan," (the "Workplan") adopting the Metro Housing Bond Measure Program Work Plan to serve as a framework for the Metro Housing Bond implementation activities, including the completion by each local jurisdiction implementer of a plan outlining strategies for achieving its allocated share of unit production targets (the "Local Implementation Strategies") and consideration and approval by the Metro Council of said Strategies; and

WHEREAS, the staff report supporting Metro Council Resolution No. 19-4975 contemplated the likelihood that certain implementing jurisdictions would be bringing forward projects for funding in fiscal year 2019, prior to the completion of Local Implementation Strategies (the "Phase I Projects"), such that Metro consideration and approval of said Phase I Projects would need to occur outside the parameters of the newly adopted Work Plan; and

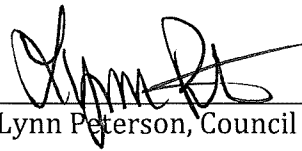
WHEREAS, the Housing Authority of Washington County (HAWC) has requested a Phase I Project concept endorsement and reservation of \$11.4 million in Affordable Housing Bond Measure funding for the construction of the 72nd and Baylor Apartments, a six story affordable apartment building that will provide 80 residential units, including 55 two-bedroom and 3-three-bedroom units. Thirty-three (33) units would be affordable to households making 30% or less of area median income (AMI); and

WHEREAS, Metro staff believes that the 72nd and Baylor Apartments Phase I Project will contribute to HAWC's unit production targets set forth in the Work Plan and the HAWC staff has committed to align the project with all elements of its forthcoming Local Implementation Strategy, including strategies to advance racial equity; now therefore

BE IT RESOLVED that the Metro Council:

Approves the Housing Authority of Washington County's request for Metro Affordable Housing Bond Measure concept endorsement for the 72nd and Baylor Apartments and authorizes the Metro Chief Operating Officer to approve final funding provided that such approval is otherwise consistent with the applicable process described in the Work Plan.

ADOPTED by the Metro Council this 11<sup>th</sup> day of July, 2019.



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Lynn Peterson, Council President

Approved as to Form:



Carrie MacLaren, Metro Attorney

IN CONSIDERATION OF RESOLUTION NO. 19-4997, FOR THE PURPOSE OF  
APPROVING A CONCEPT ENDORSEMENT FOR WASHINGTON COUNTY'S PHASE I  
HOUSING BOND PROJECT

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Date: June 27, 2019  
Department: Planning  
Meeting date: July 11, 2019

Prepared by: Emily Lieb  
Presenter(s): Emily Lieb  
Length: 15 min.

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## **ISSUE STATEMENT**

The Housing Authority of Washington County (HAWC) has requested a concept endorsement and reservation of \$11.4 million in Metro Housing Bond funding for the construction of the 72<sup>nd</sup> and Baylor Apartments (the "Project"), a six-story affordable apartment building that will provide 80 residential units, including 55 two- and three-bedroom units. Thirty-three units will be affordable to households earning 30 percent of area median income (AMI) or below. The Project will be developed by Community Development Partners (CDP) and is located at the corner of 72<sup>nd</sup> Avenue and Baylor Street in Tigard.

Eligible implementation jurisdictions have been invited to submit up to one "Phase 1" project to Metro for consideration between March and June 2019, prior to completion of a full Local Implementation Strategy. The Project will be submitted to the Washington County Board of Commissioners on June 25<sup>th</sup> for concept approval and prioritization as HAWC's Phase 1 project. Because the project is seeking a concept endorsement prior to completion of a full Local Implementation Strategy, Metro Council action is requested to provide a concept endorsement for this project.

Within the funding distribution framework approved by Metro Council (see Exhibit B of the Affordable Housing Bond Program Work Plan), and based on preliminary agreement among the three eligible implementation jurisdictions in Washington County, HAWC is eligible to administer \$116.4 million in total bond funding to support affordable housing projects that align with Bond Program goals. HAWC staff are finalizing a Local Implementation Strategy consistent with the requirements set forth in the Affordable Housing Bond Program Work Plan (see Exhibit C) for consideration by the Housing Authority of Washington County Board of Directors, the Housing Bond Community Oversight Committee and Metro Council in summer 2019.

## **ACTION REQUESTED**

Adopt a resolution approving the Housing Authority of Washington County's request for Metro Affordable Housing Bond Measure Concept Endorsement for the 72<sup>nd</sup> and Baylor Apartments and authorizing the Metro Chief Operating Officer to approve final funding

provided that such approval is otherwise consistent with the applicable process described in the Work Plan.

## **IDENTIFIED POLICY OUTCOMES**

The Project would utilize 9.8% of the HAWC's total allocation of bond funds while delivering the following unit production outcomes:

- 9.8% of HAWC's overall unit production target;
- 9.8% of HAWC's target of units affordable to households making 30% or less of area median income (AMI); and
- 13.5% of HAWC's family sized unit target.

See Attachment 1 for additional details regarding strategies for advancing racial equity and approach to community engagement.

## **POLICY QUESTION(S)**

Is the proposed Project concept in alignment with the bond unit production targets and other outcomes described in Council's approved Housing Bond Framework adopted by the Metro Council in June 2018?

## **POLICY OPTIONS FOR COUNCIL TO CONSIDER**

- Adopt Resolution No 19-4997 approving the Housing Authority of Washington County's request for Metro Affordable Housing Bond Measure Concept Endorsement for the 72<sup>nd</sup> and Baylor Apartments and authorizing the Metro Chief Operating Officer to approve final funding provided that such approval is otherwise consistent with the applicable process described in the Work Plan.
- Do not approve the concept endorsement. This could impact the project timeline and success in securing additional funding sources.

## **STAFF RECOMMENDATIONS**

Staff recommends adoption of Resolution No. 19-4997.

## **STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION**

HAWC is finalizing their implementation strategy for consideration by Metro Council in summer 2019. The Washington County Board of Commissioners approved a resolution to support the Project on June 25, 2019.

The proposed Phase I project concept endorsement is based on numerous policies previously adopted by the Metro Council, including but not limited to:

- Resolution 19-4956, adopting the Housing Bond Program Work Plan
- Ordinance 19-1430, amending Metro Code Chapter 2.19 to establish the Metro Affordable Housing Bond Community Oversight Committee

- Resolution No. 18-4895, adopting the Initial Housing Bond Framework for implementation of the regional affordable housing bond
- Resolution No. 18-4898, referring the Affordable Housing Bond Measure to Metro District voters
- Ordinance No. 18-1423, For the Purpose of Determining that Affordable Housing is a Matter of Metropolitan Concern and Undertaking an Affordable Housing Function

If Metro Council approves a concept endorsement, next steps for the Project will include:

- July 2019 – HAWC's Local Implementation Strategy submitted to Housing Bond Community Oversight Committee for review, and potentially forwarded to Metro Council for approval
- November 2019 – Design completion
- June 2020 – Groundbreaking
- September 2021 - Construction completion and certificate of occupancy. Begin lease up
- May 2022 – Stabilized occupancy

Staff is not aware of any opposition to the Project. The Project's developer, CDP, is working with Portland State University's Center for Public Interest Design (CPID) during the Project's early phase. CPID will conduct research to identify existing resident-serving assets that are in the surrounding community as well as identifying needs that are not being met by those existing assets and creating a community health needs assessment. CPID has started canvassing the neighborhood and meeting with surrounding residents. Project outreach will also leverage the work done by several jurisdictions, non-profits and other community-based organizations active in the Southwest Equitable Development Strategy (SWEDS).

## **BACKGROUND**

Metro Council previously endorsed two Phase I projects between March and June 2019 (See Resolutions 19-4975 and 19-4991), and staff previously discussed the purpose of Phase I projects with the Council at a work session on Dec. 11, 2018 and prior to approval of Resolution 19-4956 adopting the Housing Bond Program Work Plan on January 31, 2019.

## **ATTACHMENTS**

Attachment 1: Phase I Concept Endorsement Staff Report for 72<sup>nd</sup> and Baylor Apartments



# Phase I Concept Endorsement Staff Report for 72<sup>nd</sup> & Baylor Apartments



## Overview

The Housing Authority of Washington County (HAWC) has requested a Phase I Concept Endorsement for \$11,440,000 in Metro Housing Bond funds for the construction of the 72<sup>nd</sup> and Baylor Apartments (the “Project”), a six-story affordable apartment building that will provide 80 residential units, including 55 two and three-bedroom units. Thirty-three units will be affordable to households earning 30 percent of area median income (AMI) or below. The Project will be developed by Community Development Partners (CDP) and is located at the corner of 72<sup>nd</sup> Avenue and Baylor Street in Tigard.

Eligible Housing Bond implementation jurisdictions have been invited to submit up to one “Phase 1” project to Metro for consideration between March and June 2019, prior to approval of a full Local Implementation Strategy. The Project will be submitted to the Washington County Board of Commissioners on June 25<sup>th</sup> for concept approval and prioritization as HAWC’s Phase 1 project. Because the project is seeking a preliminary endorsement prior to approval of a full Local Implementation Strategy, Metro Council action is requested to provide a Concept Endorsement.

Within the funding distribution framework approved by Metro Council, and based on preliminary agreement among the three eligible implementation jurisdictions in Washington County, HAWC is eligible to administer \$116.47 million in total bond funding to support affordable housing projects that align with Bond Program goals. This eligible share of Housing Bond Funding does not include bond funds the Cities of Beaverton and Hillsboro are eligible to administer. HAWC staff are finalizing a Local Implementation Strategy for consideration by the Housing Authority Board of Directors, the Housing Bond Community Oversight Committee, and Metro Council in summer 2019.

### Preliminary Development Program

The Project concept contains 80 units, including 45 two-bedroom units and 10 three-bedroom units. The Project includes 64 parking spaces, bicycle storage, community space on the ground and second floors, an indoor play area, laundry facilities on each floor, and a private 2<sup>nd</sup> floor courtyard.



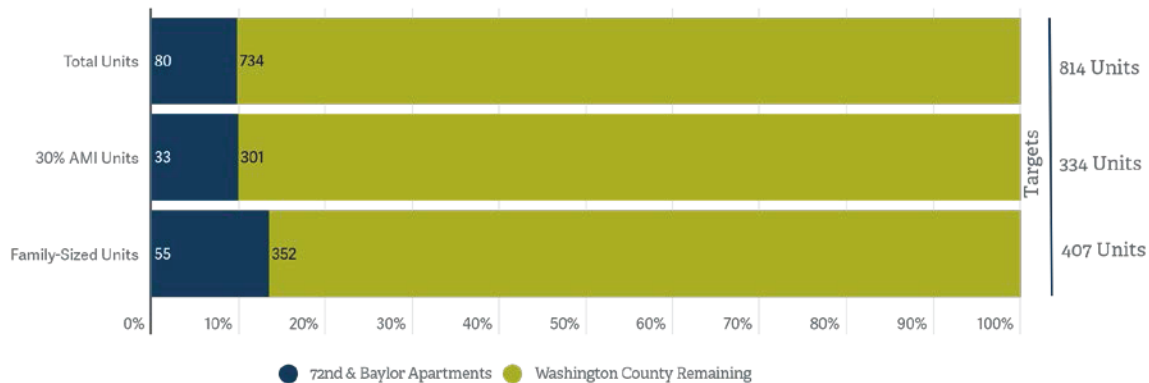
All units will be affordable at 60 percent of AMI or below. Thirty-three units will be affordable at 30 percent of AMI. Of the 33 units offered at or under 30 percent of AMI rent levels, 20 units are two- or three-bedroom units sized for families.

<b>Development Program</b>					
<b>Bedroom Type</b>	<b>Units</b>	<b>Median Income %</b>	<b>PBVs</b>	<b>Square Feet / Unit</b>	<b>Gross Monthly Rent / Unit</b>
One Bedroom	13	30%	5	600	\$445
One Bedroom	12	60%	0	600	\$939
Two Bedroom	10	30%	5	800	\$532
Two Bedroom	35	60%	0	800	\$1,126
Three Bedroom	10	30%	6	1,100	\$613
<b>Total</b>	<b>80</b>		<b>16</b>		

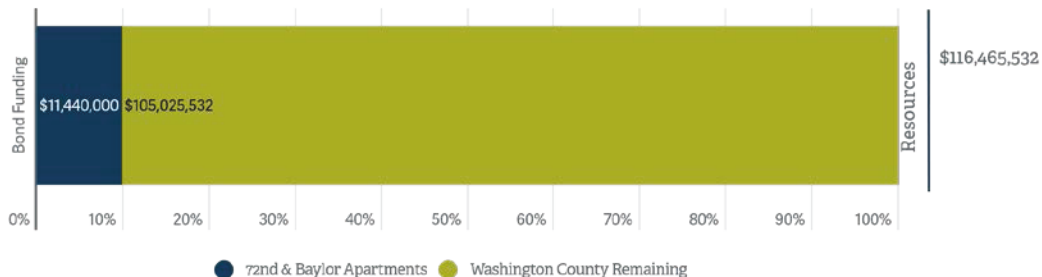
### Contribution to Unit Production Targets

HAWC is requesting \$11,440,000 in Metro Regional Housing Bond funds. The Project will use 16 project based vouchers to support the project, including eight of 124 project-based rental assistance vouchers reserved by HAWC to support its Metro Bond implementation strategy and eight Veterans Affairs Supportive Housing (VASH) vouchers. Units with VASH vouchers would be reserved for homeless veterans and families. As proposed, the Project would utilize 9.8 percent of the County’s bond allocation to achieve 9.8% of the County’s 30% of AMI unit production target and 13.5% of the County’s family-sized unit target.

#### Production Goals



#### Production Resources





# Project Context and Team

## Background

Community Development Partners has obtained site control of the Project property and is beginning pre-development due diligence. HAWC is partnering with CDP by funding the Project and selecting it as a Phase 1 project because it will provide new affordable housing in a high opportunity neighborhood while helping implement Tigard’s vision for the Tigard Triangle. The City of Tigard’s recent work to rezone the Triangle and plan for infrastructure in support of future growth has contributed to creating a valuable opportunity site for new affordable housing.

## Site and Neighborhood

This site is located in the heart of the Tigard Triangle area of Tigard, OR, in the NE corner of Tigard, just east of downtown Tigard, and is shaped by the bordering roadways of Highway 99W, Highway 217 and Interstate 5. Through the Tigard Triangle Strategic Plan, the City of Tigard and its community identified a vision for this area to create a place “where people of all ages, abilities and incomes can live and work within walking distance to shops, restaurants and parks.” The City of Tigard created the Tigard Triangle Urban Renewal Area and adopted a new innovative Lean Code to facilitate new development, invest in necessary infrastructure and to ultimately implement the Tigard Triangle Strategic Plan’s vision.



Project site and possible nearby SW Corridor Stations at 68<sup>th</sup> Ave and Elmhurst

The Project is located at the northeast corner of 72<sup>nd</sup> Avenue and Baylor Street and across the street from an established retail center that includes a grocery store. The site consists of three tax lots distributed among two separate owners. Each lot consists of a single family home that is currently renter occupied. CDP will allow the existing tenant leases to expire and will not renew them prior to



groundbreaking. The rest of the neighborhood includes single family homes, vacant parcels, and lower density retail and commercial space; however, Tigard expects significant future growth and urbanization. The Project will be responsible for some offsite infrastructure including construction of sidewalks and a bike lane along the street frontage lining the site. The estimated cost of this improvement is approximately \$730,000. Currently there is not continuous sidewalk coverage between the site and 99W to the north and the timing of those improvements are not known. The City is currently working on a

project to determine the ultimate future cross section of 72<sup>nd</sup> Avenue and a project to prioritize investments within the Tigard Triangle Urban Renewal Area. Once completed, both City projects will determine whether 72<sup>nd</sup> Avenue will be completed entirely by the City or in conjunction with future development along the road.

Assuming residents will eventually use future 72<sup>nd</sup> Avenue sidewalks, the Project is approximately one-third of a mile walk from the TriMet #12 Frequent Service Bus line that serves Tigard, Downtown Portland and NE Sandy Blvd. Prior to 72<sup>nd</sup> Avenue improvements residents would need to walk two thirds<sup>s</sup> of a mile and use 68<sup>th</sup> Avenue to reach frequent service bus stops on 99W. The Project is also near two future transit stations currently planned along the Southwest Corridor Light Rail Project. The Southwest Corridor Light Rail Project will connect Downtown Portland and Tualatin via Tigard and West Portland Town Center. It is expected to carry 43,000 riders on an average weekday by 2035 with a travel time of 30 minutes end to end. The Southwest Corridor is currently in the design and environmental analysis stage. With a successful regional funding vote and federal funding application, the Southwest Corridor could begin construction near the end of 2022 and open in 2027.

A Phase 1 Environmental Site Assessment and soils analysis were both performed on the Project site. The Phase 1 ESA identified an underground storage tank that was decommissioned in 2005, but otherwise no other extraordinary evidence of contamination. The buildings on site are assumed to contain asbestos contaminated material and will need appropriate abatement during demolition.

## Development Team

Community Development Partners was founded in 2011 and has since developed 1,400 units in 19 buildings throughout four states. In Oregon, CDP has completed two renovations with partners with Salem and Linn Benton Housing Authorities. CDP also has a new 60 unit, four-story project under construction in Portland called Nesika Illahee which was developed in partnership with the Native American Youth Association (NAYA).

Bremik Construction will serve as the Project’s general contractor. Founded in 2004, Bremik completed construction on Deskins Commons for the Housing Authority of Yamhill County and Vibrant! Apartments for Innovative Housing Inc. in Portland. Bremik has experience reaching workforce and contracting goals associated with affordable housing and other publicly financed projects. The firm exceeded 20 percent MWESB participation on many affordable projects including Vibrant! And Lents Commons and met most of the workforce participation goals on those same projects.

Scott Edward Architects (“S|EA”) will design the Project. S|EA is Portland based architectural firm with extensive multifamily experience. Recent affordable housing experience includes Cornelius Place, a mixed use building in downtown Cornelius which integrates a ground floor public library with 45 units of low income senior housing on its upper floors.

Guardian Real Estate Services (GRES) will be providing the Project’s property management and tenancing services. GRES has been providing property management services to the region for over 40 years and has extensive experience managing both market rate and affordable projects. GRES manages over 120 income-restricted projects and over 4,700 units throughout Oregon, Washington, and Arizona.

## Project Financing

### Estimated costs

The Project has an estimated total development cost of approximately \$20.8 million, which translates to about \$360,000 per unit and \$346 per gross square foot. The proposed \$3 million developer fee represents 10.4 percent of the project’s total development costs. Sixty-seven percent of that fee is paid up front and nearly \$990,000 will be deferred. The developer fee is within Oregon Housing and Community Service limitations.

The Project’s total cost per unit of just over \$360,000 is higher than the OHCS’ average cost for new construction projects endorsed for Low Income Housing Tax Credits (LIHTC), which was \$280,391 for 26 projects endorsed for funding in Multnomah, Washington, and Clackamas counties over the past three years. However, the Project’s total cost per gross square foot of \$346 is on par with the OHCS average of \$345.

### 72nd and Baylor Project Financing

Uses	Total
Land	\$1,399,472
Construction Costs	\$20,380,406
Development Costs	\$3,593,500
Developer Fee	\$3,000,000
Operating Reserves	\$200,000
Lease Up Costs	\$230,000
<b>Total Uses</b>	<b>\$28,803,378</b>

Sources	Total
Limited Partner Equity (4% LIHTC)	\$10,199,013
Metro Regional Housing bond	\$11,440,000
Permanent Loan (TBD)	\$6,100,000
Weatherization Program	\$75,000
Deferred Development Fee	\$989,364
<b>Total Sources</b>	<b>\$28,803,377</b>

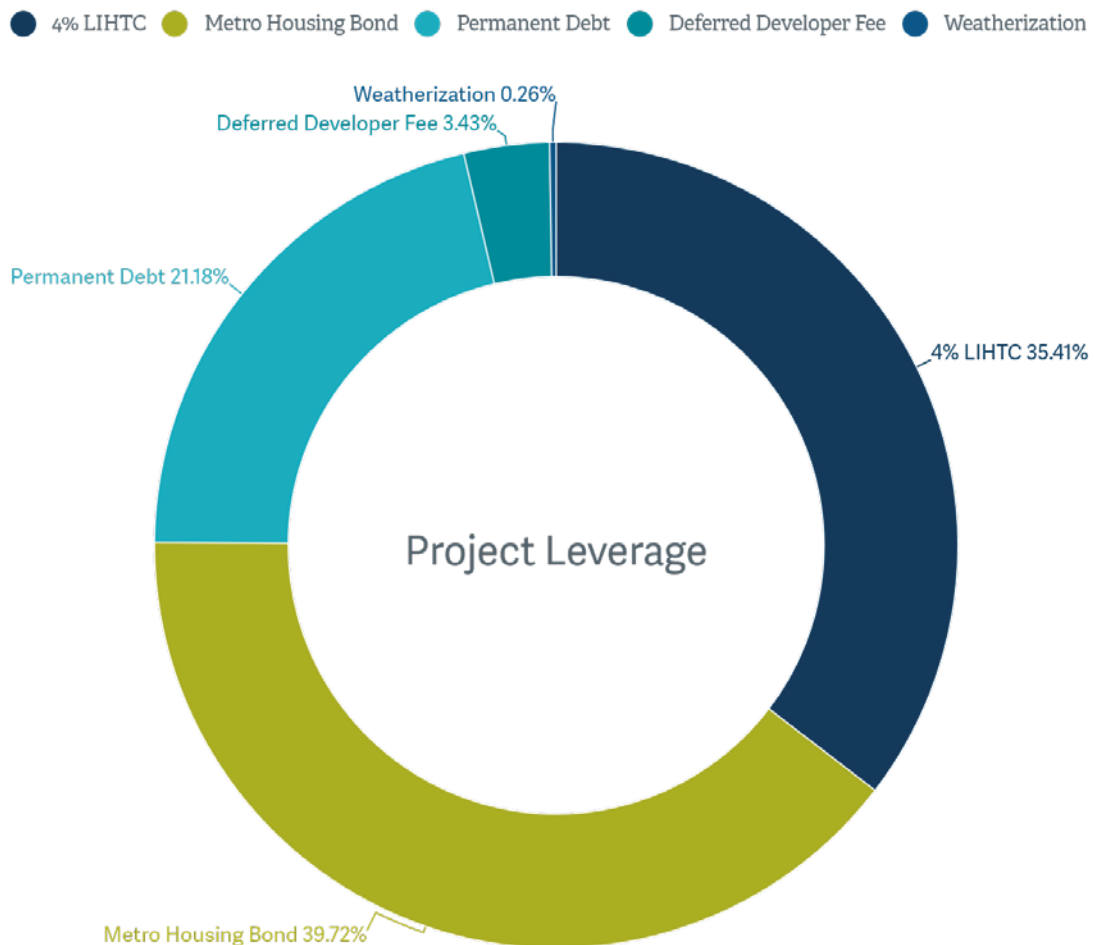
### Project Metrics

Measure	Amount
Total Cost	\$28,803,378
Cost/Unit	\$360,042
Cost/Bedroom	\$198,644
Cost/Gross SF	\$346
Cost/Rentable SF	\$465

## Leverage

New projects that take place within the City's Triangle Mixed Use zoning can benefit from reduced parking requirements and increased height limits. Tigard also exempts affordable housing projects from transportation and parks system development charges in order to encourage new development.

Primary funding sources include approximately \$10.2 million in four percent Low Income Housing Tax Credits (LIHTC) and \$11,440,000 from Washington County's allocation of the Metro Regional Housing Bond. Other sources include a grant from the State Weatherization program, the deferred developer fee, and a \$6.1 million permanent loan. The Project will also receive additional support from the City of Tigard in the form of a system development charge (SDC) waiver with an approximate value of \$700,000 and a property tax exemption from Washington County. The Project will also receive rent support from 16 project based vouchers split between the County's allocation of traditional vouchers and VASH vouchers.



# Engagement, Partnerships and Racial Equity

## Community Engagement

In the first phase of community engagement focused on developing HAWC's Local Implementation Strategy, Washington County met with nearly 300 people including members of affected communities as well as individuals representing over 50 community-based organizations. For engagement specific to the Project, CDP is working with the Center for Public Interest Design (CPID) during the Project's early phase. The Center for Public Interest Design is a research and action center at Portland State University that aims to investigate, promote, and engage in inclusive design practices that address the growing needs of underserved communities. CDP engaged CPID to lead an asset-based development research and outreach process. CPID will conduct research to identify existing resident-serving assets that are in the surrounding community as well as identifying needs that are not being met by those existing assets. The process involves utilizing PSU Master of Architecture students and CPID staff for on the ground outreach. The PSU-OHSU School of Public Health is also involved in creating a community health needs assessment. The entire process produces an in depth understanding of the community's assets and needs that can then be utilized to inform the concept and design of CDP's project. CPID has started canvassing the neighborhood and meeting with surrounding residents. They will work with CPD and HAWC to identify additional support necessary to serve residents and incorporate culturally specific services.

Project outreach will also leverage the work done by several jurisdictions, non-profits, and other community-based organizations active in the Southwest Equitable Development Strategy (SWEDS). SWEDS convened stakeholders active throughout the Southwest Corridor to help plan for future equitable growth and economic development. The Project can leverage these existing connections and relationships to help facilitate more engagement with the existing community and future residents.

## Advancing Racial Equity

The Project proposes to meet Washington County's MWESB contractor participation goal of 20 percent and will incorporate affirmative outreach and marketing techniques to communities of color through tenant selection and lease-up. To date, the Project has utilized MWESB firms to achieve 26 percent of predevelopment work. In addition to a minority, woman-owned, and emerging small business goal, HAWC and the developer are currently discussing the potential of incorporating a workforce participation goal, however it is not confirmed as of the date of this report.

Future lease-up will be guided screening criteria included in the County's Housing Choice Voucher Administrative Plan guidelines and will include less than standard income-to-rent ratios and reduced credit history requirements. Washington County's screening criteria will also ease criminal history requirements such that they consider recent convictions and successful strategies that may have been employed to prevent similar future misconduct. Guardian Real Estate Services will provide leasing and property management services and will follow HAWC's screening



guidelines through lease up. The Department of Veterans Affairs will provide lease-up services for the eight units on site utilizing VASH vouchers.

### **Partnerships and Services**

The Department of Veterans Affairs will provide lease-up services for the eight units on site utilizing VASH vouchers. Staff will request additional information related to partnerships and services prior to final funding approval.

## **Findings, Recommendations, and Next Steps**

### **Findings**

- Requested Metro Housing Bond funding is proportionate to the Project's contribution to unit production targets. Overall, the project would utilize 9.8 percent of HAWC's available Bond funds while delivering 9.8 percent of the County's overall unit target, 9.8 percent of the 30 percent unit target, and 13.5 percent of the family sized unit target.
- The project does not require additional competitive funding sources and will benefit from the City of Tigard's local incentives.
- While the Local Implementation Strategy is not yet available, the proposed project appears consistent with the unit production targets and expectations related to advancing racial equity and ensuring community engagement of historically marginalized communities.

### **Recommendations**

Staff recommends that the Metro Council provide a Concept Endorsement for the 72<sup>nd</sup> and Baylor Apartments as described. Funding authorization will be conditioned on demonstration of project feasibility and consistency with HAWC's approved Local Implementation Strategy.

### **Next Steps**

If the Project receives a Concept Endorsement from the Housing Authority Board of Directors and Metro Council, the anticipated timeline of next steps includes:

- November 2019: Design completion
- June 2020: Groundbreaking
- September 2021: Construction completion and certificate of occupancy. Begin lease up
- May 2022: Stabilized occupancy