



Metro

600 NE Grand Ave.
Portland, OR 97232-2736

Agenda

Meeting: Housing Oversight Committee (Meeting 18)
Date: Wednesday, August 10th, 2021
Time: 9 a.m. to 11 a.m.
Place: Virtual Zoom meeting
Purpose: Follow up on key topics from committee's annual report to Council
Outcome(s): Shared understanding on how SHS integration is unfolding, gauge interest in key work session topics.

- 9:00 a.m. Welcome and housekeeping
- 9:05 a.m. Public comment
- 9:15 a.m. Review: Committee priorities and feedback
- 9:30 a.m. Staff updates
- Quarterly report/progress update
 - Finance update
 - Audit response update
 - Emerging policy issue: Heatwave response
- Committee action:** *Feedback on additional reporting tools to address their financial questions*
- 10:00 a.m. Break
- 10:05 a.m. Presentation: Supportive Housing Services integration
- 10:50 a.m. Work sessions
- Committee action:** *Indicate which work sessions members are interested in.*
- 10:55 a.m. Next steps
- 11:00 a.m. Adjourn

Meeting minutes

Meeting: Metro Housing Oversight
Committee Meeting 17

Date/time: Wednesday, April 7, 9 AM – 12:00 PM

Place: Zoom Virtual Meeting

Purpose: Conclude Committee’s annual report process.

Attendees

Melissa Erlbaum, Mesha Jones, Jenny Lee, Ed McNamara, Steve Rudman, Nicole Stingh, Andrew Tull, Juan Ugarte Ahumada, Tia Vonil

Metro

Emily Lieb, Valeria McWilliams

Facilitators

Allison Brown, JLA Public Involvement

Minutes

Hannah Mills, JLA Public Involvement

Note: The meeting was recorded via Zoom and therefore details will be focused mainly on the discussion, with less detail in regards to the presentations.

Welcome and Reorientation to Annual Review

Allison Brown, facilitator with JLA Public Involvement, welcomed the Committee and asked the co-chairs, Jenny Lee and Steve Rudman, to make opening remarks. The co-chairs expressed their appreciation for the commitment of committee members and noted the efforts made by Metro staff to finalize the report and complete the document that synthesized the comments made at the last committee meeting.

Allison Brown reviewed the agenda, confirmed the meeting summary from Meeting 16, and asked the group to disclose any conflicts of interest. The summary was confirmed and no conflicts of interest were disclosed at this time.

Public Comment

Allison opened the floor for public comment. No comments were submitted at this time.

Draft Report Memo to Council Discussion

Allison explained that the memo would be submitted in addition to the staff report and would highlight the prevalent conversations that took place during the Committee’s process, specifically the conversations at the last meeting. The committee was encouraged to use this time to voice any additional ideas or concepts they would like documented in the memo and confirm that the memo is a representative document of the conversations of the Committee.

Meeting minutes

Emily Lieb, Metro, presented the draft document to the Committee through the share-screen function on Zoom. Emily highlighted the following points about the document while leaving room for members to provide feedback.

Note: The full draft document can be found [online](#).

- The bond is on track to exceed the promises made to voters.
- There are opportunities that should be examined that will make the bond accomplish even more than initially expected.
 - A committee member suggested: *Consider reversing the language to say “we were able to exceed our goals due to...” to provide context for the reader.*
- There is potential to use excess funding to support more permanent supportive housing and family-size units.
- Recommendation to explore integrating bond investment with complementary investments, specifically with the supportive housing bond measure.
- The Committee has expressed confidence that the partners are taking the charge of racial equity seriously, but feel that continued monitoring will be necessary to ensure partners meet the expectations and goals.
- Community engagement will be critical throughout all phases of local implementation.
- It’s important to continue the existing efforts spurred by the Committee for equitable contracting and workforce practices. Additionally, there needs to be consideration for the potential negative impacts of workforce tracking.
- There is an understanding that the goals need to remain the same, but that jurisdictions experience different impacting factors and therefore flexibility in how the goals are applied is critical.
- Recommendation that Metro provide funding and technical assistance to increase the region’s capacity to implement permanent supportive housing and equitable strategies.

Comments received by the Committee are summarized as follows:

- It’s important to include language about maximizing leveraged funding.
- Strengthen the statement commending Metro staff for the work they’ve done throughout this process.
- What is needed to strengthen Metro’s ability to have successful negotiations with the jurisdictions? Specifically how to address jurisdictions that neglect to seek out additional funding.
 - A board member followed up by suggesting that stronger language be added to the recommendation memo about providing Metro bond staff the necessary tools and support during negotiations.
- There needs to be stronger language that highlights the goal of resident livability of units through early community engagement.

Meeting minutes

Memo Vote

Allison explained each member would have the option to respond with whether they do or do not approve forwarding the memo with the discussed edits to Metro Council. Additionally, Allison gave each member the opportunity to submit their response with an informal consideration to be included in the meeting summary, but not formally documented in the memo to Council. All nine committee members present approved moving the memo forward. No member provided any additional informal comment. Allison did note that some members were unable to participate in this meeting, but that Metro staff would be following up with them to confirm they feel comfortable with attaching their name to the memo.

Next Steps and Close

Emily reviewed the next steps for this process, specifically highlighting:

- The various components of the annual report including the local policy tools, sustainability and durability features, and a table summarizing the leveraged funds.
- The summary report that will be submitted with the memo.
- The multimedia version of the report which includes the information that has been shared with the Committee in an interactive and storytelling format.
- The formal release date for the report is unconfirmed, but is tentatively scheduled for a Council meeting on May 20th.
- The Committee is scheduled to meet again on July 7th and October 20th.
- Staff will be developing a quarterly report which will be shared with the Committee via email.
- The Committee will be given the opportunity to discuss the quarterly reports during the July 7 meeting.

The floor was opened to the Committee for any questions or comments about the next steps. Comments are summarized as follows:

- Explicitly state the quantifiable goals in the key findings section of the annual report.
- Explore ways to identify benchmarks for future projects.
- Future costs is not the most effective measure and can be misleading when looking at affordable housing because the cost of a building is not as relevant to public lenders. It would be better to look at the buying power of the subsidy.
 - Metro staff responded by doing a quick check in with members about their level of interest in participating in a work session to discuss this topic.
 - Emily explained that Metro staff will be working with partners to develop best practices and identify areas where regional thresholds are needed, as well as where there are opportunities to use LIHTC funding.
- It would be helpful to include exactly what the funding is buying and the improvements funding is making to help inform the jurisdictions on the purpose of certain metrics and benchmarks.

Meeting minutes



The group was asked what they thought would be helpful to consider for the next meeting and before wrapping up the year. Below is a summary of the discussion.

- Identify the areas that the Committee would like highlighted and/or strengthened before beginning the next annual report.
- Provide a better understanding of the supportive housing measure and how it can be aligned with the affordable housing measure.
- It's important to not lose momentum addressing contracting and workforce training.
- Consider how future meetings can accommodate schedule and travel challenges for members to support higher participation and productivity – specifically shorter Zoom meetings if that is how meetings are continued to be held.
- Provide opportunity to do more detailed analysis and discussion of the various elements and performance of the LIPs.

Allison encouraged the Committee to contact Metro staff if they have anything else they'd like considered before the next meeting and wrapping up the year. Additionally, in response to member requests and to better time with the release of the quarterly report, Metro staff committed to exploring an alternative date for the July 7th meeting.

The co-chairs thanked the Committee. The meeting was adjourned.

Housing Bond Oversight Committee

Survey Summary – August 2nd, 2021

Do you have any feedback on this year's annual review process?

Committee members overall thought that the annual review process went well and that meetings were useful. They also appreciated having a balance of standard meetings and optional working sessions. However, a few members did feel like the meetings, especially the ones that were extended to 3 hours, were long and intensive.

How would you prioritize agenda time for meetings in general? (ranked choices)

1. Metro updates on work underway to respond to HOC recommendations to Metro Council
2. Discussion of quarterly progress report summarizing expenditures, activities and production progress
3. Audit response tracker and other operational program/process improvements
4. Presentations by jurisdiction partner staff
5. Presentations by developers/project teams

Are there any other items you would like to see included in agendas?

Members highlighted SHS integration, opportunities for increasing the number of doors for existing and future projects, and additional time for discussion as areas of interest.

What kinds of presentations would you like to see in the coming year (and by whom)?

- Marketing efforts
- Supportive housing services 101
- Community engagement themes
- Supportive housing services alignment
- Workforce and contracting

Would you be interested in participating in additional meetings to dig deeper on specific topics? (choose all that apply)

In order of popular interest:

1. Funding systems alignment and cost efficiency
2. SHS implementation and integration
3. Affirmative marketing and fair housing access
4. Equitable contracting and workforce – planning for technical assistance

Do you have feedback on how we can best structure and facilitate committee conversations to improve on [racial equity] goals?

Members provided several suggestions for improvement, including more time for discussion; providing options for different methods for participation; increased feedback from BIPOC communities about their housing priorities; and a greater focus on outcomes rather than processes.

METRO HOUSING BOND QUARTERLY REPORT | APRIL-JUNE 2021

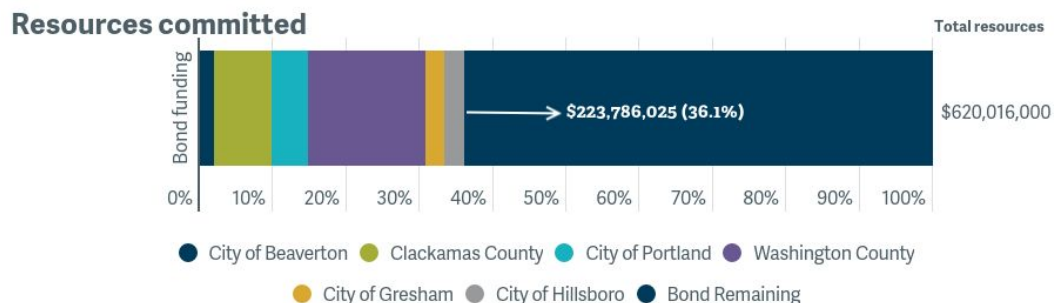
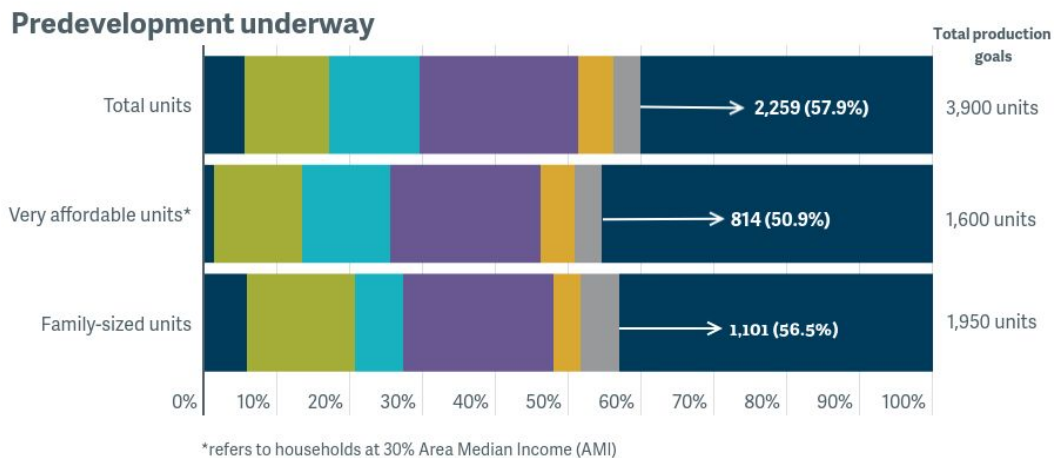
August 2, 2021

This is the second quarterly progress report for the Metro Affordable Housing Bond of 2021. Similar reports are produced quarterly with the goal of keeping the Housing Bond Community Oversight Committee, Metro Council, and other stakeholders and partners informed about ongoing implementation progress. A more detailed report will be provided annually for each calendar year, following submission of local progress reports by each participating implementation jurisdiction for review by the Oversight Committee.

PROJECTS UNDERWAY

As of the end of June 2021, sixteen projects have received a Metro concept endorsement and are in predevelopment, and nine projects have received final approval and are under construction. Collectively, these projects represent 2,259 new affordable homes, or 57.9% of the total production target for the Housing Bond, while using up approximately 36.1% of funding. Of the homes created, 1,101 will have two or more bedrooms, representing 56.5% of the Housing Bond’s target for family-sized homes; and 814 will be affordable to households with incomes at or below 30% of area median income (AMI), representing 50.9% of the Housing Bond’s target for deeply affordable homes.

Production and funding dashboard



- City of Beaverton
- Clackamas County
- City of Portland
- Washington County
- City of Gresham
- City of Hillsboro
- Bond Remaining



In addition to the above project approvals completed as of the end of June, in July, Metro approved concept endorsements for the Baldwin PSH apartments, submitted by the Portland Housing Bureau (PHB) and the Saltzman Road project, submitted by the Housing Authority of Washington County. Metro approved final approvals for the Webster Road project, submitted by the Housing Authority of Clackamas County, and the Valfre at Avenida 26, submitted by the Housing Authority of Washington County. Staff are currently reviewing a concept endorsement request submitted by the City of Beaverton for the Elmonica site, and a final approval review of Portland's Baldwin PSH project is currently underway. These approvals will be included in the next quarterly report.

LOCAL IMPLEMENTATION UPDATES

Local implementation activities for the second quarter are summarized below.

Home Forward

- **Dekum Court project in Portland:** Permitting approvals have been completed for an off-site Head Start relocation facility and construction of the Head Start site is scheduled for September. Resident services staff are planning for on-site summer youth activities, and a pre-apprenticeship fair to recruit people to construction careers is planned for mid-September.
- **East County project:** MWA Architects and Bremik Construction have been selected to join the project development team for development of the Troutdale site, which was secured by Home Forward through an agreement with Multnomah County. Contracts with two to three community service providers to conduct initial focus groups in the month of August are planned for next quarter. Home Forward's community engagement plan for the project aims to recruit and engage stakeholders for participation in the project's community advisory committee.

Portland

- **Portland's Metro Bond Opportunity Solicitation:** The Portland Housing Bureau (PHB) released a Metro Bond Opportunity Solicitation (M-BOS) on April 30, 2021. The solicitation included \$75 million in Metro Housing Bond funds and \$5.5 million in Central Eastside Tax Increment Financing (TIF) funds. The M-BOS prioritized dedicated supportive housing and family-focused housing projects. Twenty-four (24) proposals were received at the solicitation deadline on July 2nd, 2021, including proposals for Metro's 74th and Glisan site. Evaluation committees will assess project proposals throughout July and August. It is expected that eight to ten (8-10) M-BOS projects will be submitting their requests for concept endorsement by September.
- **Baldwin Permanent Supportive Housing (PSH):** The project is estimated to close in September and is currently under review for final approval. Additional concept endorsement requests for Garden Park and Powellhurst projects, also submitted through the City's PSH solicitation in April 2021, will be submitted in the fall of 2021.

Clackamas County

- The **Fuller Road Station** and the **Webster Road** projects are both under construction.
- **Good Shepherd Village**'s design review received unanimous approval and was awarded Permanent Supportive Housing funds from OHCS. The project is expected to submit a final approval request to Metro in 2022, along with a final approval request for **Maple Apartments**.
- Clackamas' **Hillside Park redevelopment** submitted its Section 18 disposition application to HUD. Redevelopment plans for this site are contemplated in the county's local implementation strategy for Metro affordable housing bond funds. Although plans for the project are underway, a concept endorsement has not been submitted.

Washington County

- The **Aloha Quality Inn**, which received Metro concept endorsement in January, will be converted into 54 units of permanent supportive housing to create housing stability for people with disabling conditions who have experienced prolonged homelessness. While construction takes place for the PSH conversion, a portion of the building is being used as a 22-room bridge shelter, which will provide temporary lodging and services to people experiencing homelessness. The bridge shelter opened in July and construction is anticipated to begin by November.
- The **Viewfinder project** has begun pre-lease up activities. Washington County Department of Housing Services partnered with the Somali Empowerment Circle to hold a lease-up informational session on June 23rd, in anticipation of opening the waitlist for the Viewfinder project. Promotional lease-up fliers for the Viewfinder were circulated at the end of June via email and social media. The flier was made available in English, Arabic, Chuukese, Cantonese, Farsi, Filipino, Japanese, Khmer, Korean, Marshallese, Russian, Somali, Spanish, Swahili, Tagalog, Tongan and Vietnamese.
- The **Valfre at Avenida 26** is anticipated to break ground at the end of August. The first OAC (Owner, Architect, Contractor) meeting for the Valfre at Avenida 26 will take place on August 3rd.

Hillsboro

- The **Nueva Esperanza** project completed its design & development drawings and submitted a land use application. Two community engagement meetings were held in collaboration with the Somali Empowerment Circle.

Metro Site Acquisition Program

- Metro's Site Acquisition Program closed on the **Portland Value Inn property** in SW Portland on June 30th. The site is currently used by the Joint Office for Homeless Services as a temporary shelter. It will eventually be redeveloped into permanent affordable housing in partnership with the Portland Housing Bureau.

Beaverton

- **Partnership with Unite Oregon:** On June 30th, Beaverton completed their first year partnership with Unite Oregon. This partnership is intended to develop housing leaders in the community via a Housing cohort comprised of 10 community members from diverse backgrounds.
- On June 1st, Beaverton city council approved REACH CDC as the developer for the **Elmonica** project. The REACH CDC proposal for Elmonica includes 81 multi-generational units (studios, 1 -2 -3 bedroom units), 33 of which will be income-restricted at 30% AMI. A concept endorsement request is currently under review by Metro.
- **Project C Solicitation:** A solicitation for Project C is in the works with an estimated release by the end of the third quarter.
- The **Mary Ann** is scheduled to begin pre-leasing activities in September and open by early October.

Gresham

- Gresham's City Council approved **Rockwood 10's** funding agreement on May 18 and closed on May 27. Construction of Rockwood 10 is anticipated to be completed in February, 2022.
- Construction is proceeding on **Albertina Kerr Workforce and Inclusive Housing**.
- The city of Gresham hosted a Diversity in Housing forum on July 22nd.

METRO AFFORDABLE HOUSING BOND

Financial Report Through June 2021

FINANCIAL SUMMARY

TOTAL REVENUE:	\$680,559,320
TOTAL EXPENSES and DISBURSEMENTS:	\$60,694,952
TOTAL COMMITTED:	\$167,819,211
TOTAL FUNDING AVAILABLE	\$452,045,157

REVENUE

	FY 2018 - 2019	FY 2019 - 2020	FY 2020-21	TOTAL REVENUE
Bond Proceeds	\$652,800,000			\$652,800,000
Premiums on Bonds	\$2,630,335			\$2,630,335
Interest Earnings	\$250,129	\$15,809,567	\$9,069,289	\$25,128,985
TOTAL REVENUE:	\$655,680,464	\$15,809,567	\$9,069,289	\$680,559,320

<- "Premiums on Bond" & "Interest Earnings" not included in Work Plan Funding = \$27,759,320

EXPENSES

PROJECTS	FY2018-2019 Expended or Disbursed	FY2019-2020 Expended or Disbursed	FY 2020-2021 Expended or Disbursed	Committed -- Not Yet Disbursed	TOTAL EXPENDED, DISBURSED or COMMITTED	WORK PLAN FUNDING	% of Work Plan Funding Expended, Disbursed or Committed
Jurisdiction:							
Beaverton	\$0	\$3,000,000	\$0	\$9,000,000	\$12,000,000	\$ 31,140,595	38.53%
Clackamas County	\$2,609,333	\$0	\$11,509,209	\$34,233,000	\$48,351,542	\$ 116,188,094	41.61%
Gresham	\$0	\$0	\$11,189,475	\$0	\$11,189,475	\$ 26,756,995	41.82%
Hillsboro	\$0	\$0	\$0	\$16,940,731	\$16,940,731	\$ 40,657,081	41.67%
Home Forward (East Multnomah Co.)*	\$0	\$0	\$0	\$0	\$0	\$ 15,879,123	0.00%
Portland*	\$0	\$0	\$3,684,394	\$22,894,240	\$26,578,634	\$ 211,056,579	12.59%
Washington County	\$0	\$0	\$17,233,000	\$84,751,240	\$101,984,240	\$ 116,465,532	87.57%
Metro Site Acquisition Program	\$0	\$156,108	\$4,560,300	\$0	\$4,716,408	\$ 62,016,000	7.61%
TOTAL ACTUAL & COMMITTED PROJECT EXPENSES:	\$2,609,333	\$3,156,108	\$48,176,378	\$167,819,211	\$221,761,030	\$ 620,160,000	35.76%

*Home Forward's Dekum Court project is reflected under the Portland allocation and commitments, since funding for this project was part of the funding initially allocated to City of Portland.

ADMINISTRATIVE	FY2018-2019 Expended or Disbursed	FY2019-2020 Expended or Disbursed	FY 2020-2021 Expended or Disbursed	TOTAL EXPENDED or DISBURSED	WORK PLAN FUNDING	% of Work Plan Funding Expended or Disbursed
Jurisdiction:						
Beaverton	\$80,000	\$143,898	\$0	\$223,898	\$655,591	34.15%
Clackamas County	\$0	\$489,213	\$489,213	\$978,426	\$2,446,065	40.00%
Gresham	\$0	\$0	\$140,826	\$140,826	\$563,305	25.00%
Hillsboro	\$0	\$171,188	\$0	\$171,188	\$855,939	20.00%
Home Forward (Multnomah County)	\$0	\$0	\$0	\$0	\$334,297	0.00%
Portland	\$0	\$0	\$0	\$0	\$4,443,296	0.00%
Washington County	\$148,690	\$460,000	\$460,000	\$1,068,690	\$2,451,906	43.59%
Metro Site Acquisition Program	\$3,869	\$0	\$0	\$3,869	\$1,305,600	0.30%
<i>Metro Accountability and Financial Transaction Costs</i>						
One-Time Financial Issuance	\$1,867,934	\$0	\$0	\$1,867,934	\$13,056,000	31.91%
Ongoing Financial Management Costs	\$26,048	\$207,178	\$159,277	\$392,503		
Accountability, Oversight & Indirect	\$26,695	\$743,020	\$1,136,084	\$1,905,799		
Reserved for Future Allocations					\$6,528,000	0.00%
TOTAL ACTUAL & COMMITTED ADMINISTRATIVE EXPENSES:	\$2,153,236	\$2,214,497	\$2,385,400	\$6,753,133	\$32,640,000	20.69%

** PHB's Project Delivery Fee is an administrative reimbursement, not paid for by Metro's Affordable Housing Bonds

ADDENDUM: PROJECT ENDORSEMENTS AND FUNDING APPROVALS

Each quarter we include the staff reports for projects that were endorsed or approved during the quarter. This quarter the following projects were endorsed or approved.

Project	Approval/endorsement
Baldwin Permanent Supportive Housing	Concept endorsement
Saltzman Road Senior Housing	Concept endorsement
The Valfre at Avenida 26	Final approval
Webster Road	Final approval

Metro Affordable Housing Bond Program Concept Endorsement

Project Name: Baldwin PSH Apartments

Implementing Jurisdiction: City of Portland

Metro IGA Contract Number: 937016

Anticipated construction start: September, 2021

Anticipated construction completion: September, 2022

Action:

Metro hereby provides City of Portland with Concept Endorsement for \$4,500,000.00 Metro Affordable Housing Bond funds for the development of Baldwin PSH Apartments, a regulated affordable housing project located at 7656-7688 N Interstate Avenue, Portland. Metro staff findings are attached in Exhibit A, and a more detailed description of the Project, as provided by the City of Portland, is attached as Exhibit B.

This Concept Endorsement is based upon the information contained in the concept endorsement request provided to Metro by City of Portland, including Project cost proformas and statements of sources and uses of funding needed to generate a Project with the following unit mix:

<u>Number of Units</u>	<u>Number of Bedrooms</u>	<u>AMI Level</u>	<u>Project Based Vouchers</u>
60	Studios	30%	60

Changes to the information contained in the concept endorsement request provided by City of Portland could result in reevaluation of the Project's need for Metro Affordable Housing Bond Funds and changes to the staff findings and funding allocation to the Project before Final Approval.



Marissa Madrigal

Chief Operating Officer

4/19/2021

Date

Exhibit A: Metro staff findings and recommendations | Metro bond concept endorsement request for Baldwin PSH Apartments



Drafted by: Emily Lieb, Housing Bond Program Manager, Valeria McWilliams, Housing Bond Program Analyst, and Choya Renata, Senior Communications Specialist, Metro
Date: April 10, 2021

Criteria for funding approval

Metro will issue Concept Endorsement to local implementation partner (LIP) upon Metro's determination that (a) the proposed Project reasonably contributes to the Unit Production Targets relative to the amount of the Eligible Share proposed to be used for the Project; and (b) the Project is consistent with the Local Implementation Strategy (LIS), the Work Plan, and the Bond Measure.

Staff recommendations

Staff recommends the Metro Chief Operating Officer (COO) provide Concept Endorsement of funding for Baldwin PSH Apartments. Findings from Metro's staff review are summarized below. Additional information about the project can be found in Exhibit B, the project narrative submitted by the Portland Housing Bureau.

Contribution to unit production targets

Baldwin PSH Apartments will utilize 2% of Portland's total allocation of bond funds while delivering 60 units that meet the following unit production outcomes:

- 4% of Portland's overall unit production target;
- 10% of Portland's target of units affordable to households making 30% or less of area median income (AMI); and
- 0% of Portland's family sized unit target.

When combining this project with Portland's existing development portfolio, this puts the City on a path to have utilized 15% of total allocation of bond funds while delivering on the following cumulative unit production outcomes:

- 29% of Portland's overall unit production target;
- 23% of Portland's target of units affordable to households making 30% or less of area median income (AMI); and
- 17% of Portland's family sized unit target.

Eligibility and readiness to proceed

The Portland Housing Bureau has submitted and Metro staff have reviewed and evaluated submitted materials for evidence of project feasibility and readiness to proceed. These include:

- A preliminary project pro forma dated 12/01/2020
- OHCS 4% LIHTC Pre Application dated 07/21/2020
- Warranty deed as evidence of developer site control
- Approved design review notice from City of Portland's Bureau of Development Services dated 01/28/2021

- Development team resumes and developer schedule of real estate owned demonstrating a track record with affordable housing development in Oregon

Staff have not identified any unusual risks to project feasibility and readiness and will continue to request updates from the City regarding how work is proceeding.

Advancing racial equity

Metro staff have reviewed final project materials to confirm consistency with the racial equity elements of City of Portland's approved LIS. Key findings include:

- **Location:** The project is located in the Kenton neighborhood and within half a mile of Kenton town center, the Kenton Library, a post office, 12-acre Kenton Park and a Fred Meyer grocery store/pharmacy. Peninsula and Farragut Parks are also within a mile.
- **Transit access:** The site is located on the Yellow MAX light rail line to Downtown Portland and two blocks from the Tri Met #75 and #4 bus lines.
- **Diversity in contracting/hiring:** The project is currently on track to achieve an estimated 23% DMWESB participation for professional services, exceeding PHB's 20% goal. The general contractor, Bremik, has committed to meeting or exceeding PHB's 30% goal for hard construction costs. The project has already secured 22% overall participation with a significant portion of the work still to be bid.
- **Access for historically marginalized communities:** The project is located in one of Portland's historic African American communities and will target serving Black individuals experiencing homelessness through the Multnomah County's Coordinated Access system. In addition, Home Forward will implement a wide range of strategies to reduce or eliminate barriers to housing including but not limited to: utilizing reduced screening criteria for criminal offenses, implementing a process to re-examine proposed denials before officially denying an application, training supportive services staff in harm reduction to support residents through crises.
- **Culturally appropriate services:** Home Forward has chosen Urban League as a partner in the project and they both seek to expand culturally specific PSH services to better meet the needs of the African American community. Urban League specializes in providing culturally specific programming for African Americans along with community organizing and legislative advocacy. The majority of Urban League's staff and leadership identify as African American/Black, program and services are designed and implemented by individuals with experience and expertise in meeting the needs of Black community members. Urban League's staffing for the Baldwin will include two full-time case managers, two fulltime peer support specialists, and their supervisors, along with a part-time resident services coordinator. Resident services and case management will focus on maintaining housing stability and increasing self-sufficiency.

Community engagement to inform project implementation

Metro staff have reviewed the narrative to confirm consistency with the community engagement elements of City of Portland's approved Local Implementation Strategy (LIS). Key findings include:

- **Strategies for ensuring ongoing engagement around project implementation reaches communities of color and other historically marginalized community members:**

Because this project is a partnership with Urban League, racial equity focus is present in each element of the engagement. This project has used three focus groups with BIPOC residents of existing supportive housing project, and meetings with the BIPOC case management staff at Urban League. An art committee with BIPOC artist consultation has also been formed and will help guide and select art for the building.

- **Strategy for ensuring community engagement to shape project outcomes to support the success of future residents:**

Discussion focused on four elements: arrival, community, safety and design. Based on this input, the following changes were made:

- Bring transparency and light into entry way
- Provide multiple types of community spaces for gathering
- Ensure good lighting, security systems and visibility
- Ensure units have plenty of natural light and ventilation

Residents were also consulted on color pallet and finish materials.

Finally, based on input from Urban League staff who will have offices in this building, a wellness room and exterior patio were added to their spaces.

EXHIBIT B: Project summary submitted by Portland Housing Bureau | Metro bond concept endorsement for Baldwin PSH Apartments

Submitted by: Danell Norby, Housing Portfolio Finance Coordinator
Portland Housing Bureau, danell.norby@portlandoregon.gov
Submitted on: February 26, 2021

Project Overview

The Portland Housing Bureau (PHB) is requesting Metro Concept Endorsement to award up to \$4,500,000 in Metro Bond Funds to Home Forward for the Baldwin Apartments, a proposed new construction project consisting of 60 units of permanent supportive housing (PSH) at 7688 N Interstate Avenue in North Portland's Kenton neighborhood. Home Forward is the project developer/owner and is partnering with Urban League to provide referral pathways and intensive on-site supportive services. The project will house individuals who have experienced homelessness with a focus on serving Black residents, who are overrepresented in the homeless population yet remain underserved. The Baldwin concept builds upon Urban League's successful Project HAVEN, which offers low-barrier, deeply affordable housing to highly vulnerable individuals who request culturally specific services for African Americans.

Home Forward purchased the 19,950 square-foot property on North Interstate Avenue in 2016. The site is currently developed with three single-story, detached multifamily structures (eight units total). Home Forward plans to demolish the existing housing and will provide relocation assistance to tenants who are displaced.

Development financing for the Baldwin includes 4% LIHTC equity, Oregon Housing and Community Services (OHCS) weatherization funds, OHCS PSH capital funds, a Home Forward land seller note, deferred developer fee, and proposed Metro Bond funds. All funding sources have been committed or conditionally awarded and the project will not carry hard debt from a permanent senior loan. Home Forward has also secured OHCS rental assistance for all 60 units and Oregon Health Authority (OHA) funding for supportive services.

Preliminary Development Program

The proposed Baldwin project consists of 60 studios for individuals earning up to 30% AMI. Total square footage for the building is 37,430 sq ft including 15,900 sq ft of residential common areas. Amenities include a community room, laundry facilities, bike storage, common kitchen and pantry, outdoor plaza, dog run, rooftop terrace and six parking spaces for staff. The building will also provide ground-floor space for resident services and on-site property management.

Unit size (no. of bedrooms)	No. of units	AMI %	PBVs*	Square feet/unit	Gross monthly rent/unit**
Studios	60	0-30%	60	347-360	\$967
Total	60		60		

*Rent subsidy for the 60 units is from OHCS rental assistance, not HUD Project-Based Section 8 vouchers. The rental assistance will cover the difference between the tenant's payment (30% of income) and 60% AMI rents.

**The gross monthly rent reflects the 2020 HUD rent rate for 60% AMI studios.

Project Image



Rendering of the Baldwin Apartments viewed from North Interstate Ave.

Background

Home Forward purchased the Baldwin property from the open market in 2016 for future affordable housing development. The site was selected due to its amenity-rich location. It is also located in the heart of Portland's historic African American community, which has experienced mass displacement due to gentrification and eminent domain. The eight existing units have no affordability restrictions and Home Forward has continued to operate them as market-rate, naturally occurring affordable housing.

In 2019 representatives from Home Forward and Urban League were one of ten teams selected for OHCS's first PSH Training Institute cohort. During this six-month training on PSH best practices led by OHCS and the Corporation for Supportive Housing (CSH), the project team developed and refined its concept for the Baldwin Apartments based on CSH's Quality Standards. After successfully completing the PSH Training Institute in 2020, the project was awarded \$9,000,000 in PSH capital funds, 60 units of rental assistance, and OHA funding for supportive services.

In the Fall of 2020, the Baldwin development team submitted a proposal for Portland's 2020 Metro Bond RFQ for PSH projects. PHB confirmed a contingent award of \$4,500,000 on February 5, 2021. The proposed project has received approval through the City's land use/design review process and is now in permitting, with early Fall 2021 targeted for financial close and start of construction.

Location and Neighborhood

The site is located on the the Yellow MAX light rail line to Downtown Portland and two blocks from the #75 and #4 bus lines. Development to the north and south is primarily 5- to 6-story residential and mixed-use; low-density housing is located to the east and west. A half mile away is Kenton town center, home to the Kenton Library, post office, and 12-acre Kenton Park. Peninsula and Farragut Parks are also within a mile. A Fred Meyer grocery store/pharmacy is within 0.2 miles. The site is close to Kaiser Permanente and approximately 3 miles from Legacy Hospital.



Site

The Baldwin site is a single 19,950 square-foot parcel along the east side of North Interstate Avenue between North Baldwin Street and North Farragut Street. Home Forward has owned the property since 2016. The site is currently developed with three single-story, detached multifamily structures that were built in 1945. The structures are in current use as market-rate, naturally occurring affordable rental housing which will be replaced with the proposed 60-unit affordable development.

The site is zoned Residential Multi-Dwelling 3 (RM3), a medium- to high-density multifamily zone characterized by buildings up to six stories tall in commercial centers and corridors. At completion, the Baldwin Apartments will be four stories with studio apartments, common facilities and services

on the ground floor, and upper floors dedicated to studio apartments. The project design incorporates features that are consistent with the surrounding residential quality including a gable roof. A ground floor lobby and other programming will activate the frontage along North Interstate Avenue, and the southwestern corner of the building is anchored by an indoor community space that opens to a landscaped outdoor plaza. Surface parking, consisting of six spaces for staff plus one loading zone, will be accessible from North Baldwin Street.

Project Financing

The estimated total development cost is \$21,515,370, equal to \$358,590/unit or \$574.80/sq ft. Excluding acquisition, the development cost is \$326,381/unit or \$523.17/sq ft.

Home Forward anticipates submitting its request for non-competitive 4% tax credits in April 2021. Other capital sources include OHCS weatherization and PSH funds, Metro Bond funds, a deferred developer fee, and Home Forward’s land seller note. Because all units will be affordable to individuals earning up to 30% AMI, the project is expected to receive a full SDC exemption.

The Baldwin has also been awarded 60 units of OHCS rental assistance and \$519,780 in annual supportive service funding from OHA. Home Forward is exempt from paying property taxes on the site.

Sources and Uses Overview

Source	Amount	Use	Amount
4% LIHTC Equity	\$6,209,156	Land/Acquisition	\$1,932,500
OHCS Weatherization	\$70,350	Construction Costs	\$12,774,997
OHCS PSH Funds	\$9,000,000	Soft Costs (excl. Developer Fee)	\$4,253,586
PHB Metro Bond	\$4,500,000	Developer Fee	\$2,554,287
Deferred Developer Fee	\$1,021,715		
Home Forward Land Seller Note	\$714,149		
Total	\$21,515,370	Total	\$21,515,370

Note: The 4% LIHTC floor rate is expected to increase equity for the project, which is not yet reflected in the project’s Sources and Uses. Home Forward will use a portion of the additional equity for construction cost increases and to fund the project’s operating and replacement reserves. PHB and Home Forward have agreed in principle that if there is remaining surplus after the project’s needs have been met, it should result in proportional reductions to the OHCS award, Metro Bond award, and Home Forward land seller note.

Development Team

- Developer/owner/property manager:** Home Forward (HF) is owner and developer of over 6,500 units of public and affordable housing in Multnomah County. The organization’s development department consists of 18 staff including registered Engineers, Architects, Finance staff, and in-house relocation staff. Home Forward has an established record of developing complex projects with multiple public and private financing sources. Supportive Housing projects completed by Home Forward include Bud Clark Commons (130 units) and Beech Street Apartments (32 units).
- General contractor:** Bremik Construction is an experienced contractor that has built over 1,300 housing units in the last six years, with 600 more under construction or in preconstruction. Bremik’s experience with multifamily projects includes renovation and

new construction; small, midsize and large developments; affordable and market-rate properties; and successful DMWESB utilization to meet the goals of public funders.

- **Architect:** SERA Design and Architecture is a local firm with experience in architecture, interior design, urban design and planning services. SERA has collaborated with local organizations on several affordable housing developments to date, including both PSH and culturally specific projects.

Community Engagement

Community engagement has been a priority for Home Forward and Urban League from the genesis of the Baldwin Apartments. The first step in incorporating feedback came from participation in OHCS's PSH training cohort, where Corporation for Supportive Housing's quality standards and lessons learned from Urban League's experience providing culturally specific PSH services were built into the program design. Next the project team made proactive and direct outreach to the immediate community. Public outreach conducted to date for the Baldwin has included the following:

- Home Forward sent an informational mailing about the project to the surrounding neighborhood (one-mile radius) – 5/15/20
- Home Forward posted signage about the project on the property – 5/21/20
- Home Forward presented at Kenton Neighborhood Association Meeting and provided a project update to meeting participants – 6/10/20 and 10/14/20
- City of Portland send a Land Use Public Notice to surrounding neighbors for 21-day comment period – 10/2/20
- Home Forward conducted various focus group meetings with HAVEN Residents (BIPOC formally homeless individuals) – June through October 2020

No written comments were received about the project. Verbal comments were positive and included constructive ideas to better the project, including utilizing a gabled roof to reflect the neighborhood's residential character, increasing the building's rear setbacks beyond the zoning code requirements to better separate the building from its neighbors, and incorporating an outdoor patio and roof deck to increase residents' access to nature. Anticipated future outreach includes focus group meeting with Project HAVEN residents and mailings to nearby residents prior to demolition and start of construction.

Advancing Racial Equity

Project Location and Partnership with Urban League

The Baldwin site is located in Kenton, one of the North and Northeast Portland neighborhoods that comprise Albina, the center of Portland's African American community. Over the last few decades, gentrification and eminent domain have resulted in the mass displacement of Black residents from Albina. By targeting the Baldwin PSH units to serve Black individuals experiencing homelessness, Home Forward and Urban League aim to reconnect this displaced community with greater Albina and the culturally specific services and landmarks that remain in place.

Urban League specializes in providing culturally specific programming for African Americans along with community organizing and legislative advocacy. Because the majority of Urban League's staff and leadership identify as African American/Black, programs and services are designed and implemented by individuals with experience and expertise in meeting the needs of Black community members. (See also: Partnerships and Services)

The site is in Portland's Interstate Corridor Urban Renewal Corridor, where projects with PHB funding are subject to the City's N/NE Housing Strategy that includes a Preference Policy for applicants with generational ties to the area. However, there is an exemption from applying the N/NE Preference Policy for units subsidized by project-based vouchers. If the application of the Preference Policy conflicts with the Supportive Housing units within the proposed development, Home Forward may request an exemption by explaining in detail: 1) why the conflict exists, 2) why the application of the policy would present an issue with tenanting the PSH units for BIPOC communities, and 3) the intentional tenanting plan for the PSH units to serve BIPOC communities.

Strategies to Eliminate Housing Barriers

The Baldwin project will serve highly vulnerable individuals who request culturally specific services for African Americans through Multnomah County's Coordinated Access system, ensuring that the project houses the intended population of Black residents experiencing homelessness. In addition, the development team will implement a wide range of strategies to reduce or eliminate housing challenges facing Black and other BIPOC residents, including:

- Home Forward and Urban League will reach BIPOC prospective tenants through a network of hundreds of partner agencies and advertisements in culturally specific publications including The Skanner, El Hispanic News, and the Asian Reporter.
- Home Forward has reduced screening criteria for criminal offenses at PSH projects. The organization has also implemented a process to re-examine proposed denials before officially denying an applicant.
- All supportive services are voluntary to eliminate the risk of tenants losing housing due to non-participation.
- To ensure that residents have easy access to services, the ground floor of the Baldwin development will include resident service offices, supportive service offices, private conference rooms, property management offices, and community space.
- Urban League will provide individualized services tailored to each client with a focus on addressing common barriers to housing stability among Portland's Black community.
- Rather than strictly enforcing leases in the face of behavioral and substance abuse challenges, property management, resident services and supportive services staff will be trained in harm reduction to support residents through crises. Tenants will have multiple opportunities to remain housed.

Equity in Contracting

Home Forward emphasized the importance of DMWESB participation in its 2020 RFP process to select a General Contractor (Bremik) and Design team (SERA) for the Baldwin Apartments by allocating significant points in the selection criteria. Both Bremik and SERA have worked with PHB to meet participation goals in projects including Magnolia II, Vibrant, Orchards of 82nd, and The Henry. The project is currently on track to achieve an estimated 23% DMWESB participation for professional services, exceeding PHB's 20% goal. Bremik has committed to meeting or exceeding PHB's 30% goal for hard construction costs. The project has already secured 22% overall participation with a significant portion of the work still to be bid.

Partnerships and Services

Urban League and Home Forward seek to expand culturally specific PSH services to better meet the needs of the African American community, whose members are over-represented among the population experiencing chronic homelessness. The agencies will work with Multnomah County's Coordinated Access system to obtain referrals (subject to exemption from the City's N/NE Preference

Policy). Urban League’s staffing for the Baldwin will include two full-time case managers, two full-time peer support specialists, and their supervisors, along with a part-time resident services coordinator. Case managers and peer support specialists will have caseloads of 10-15 households per staff member, in line with Corporation for Supportive Housing’s (CSH) best practices and Urban League’s current practices.

Pre-tenancy services at the Baldwin will include assistance with rental applications, support throughout the screening support, and move-in resources/supplies. Resident services and case management will focus on maintaining housing stability and increasing self-sufficiency. Planned services include:

- On-site peer recovery and mentorship
- Assistance accessing benefits and supported employment
- Life skills coaching
- Eviction prevention and conflict resolution
- Criminal record expungement
- Credit counseling and financial empowerment
- Transportation assistance
- Coordination or support associated with chronic disease management and nutrition services
- Connection to health and behavioral health care providers
- Community activities and dinners
- Free community room internet, low cost in-unit internet

Anticipated Timeline

Building Permit Submitted	1/15/2021
Type II Design Review Approval	1/28/2021
Metro Concept Endorsement	3/2021
OHCS 4% LIHTC Application Submitted	4/2021
PHB Housing Investment Committee Approval	8/2021
Metro Final Approval	8/2021
OHCS Finance Committee	8/2021
OHCS Housing Stability Council	8/2021
Financial Closing	9/9/2021
Construction Start	9/15/2021
Construction Completed	9/2022
Lease-Up Completed	3/2023

Metro Affordable Housing Bond Program Concept Endorsement

Project Name: Saltzman Road Senior Apartments

Implementing Jurisdiction: Washington County

Metro IGA Contract Number: 936591

Anticipated construction start: May 2022

Anticipated construction completion: July 2023

Action:

Metro hereby provides Washington County with Concept Endorsement for \$5,400,000.00 Metro Affordable Housing Bond funds for the development of Saltzman Road Senior Housing, a regulated affordable housing project located at 1035 NW Saltzman Road, Portland. Metro staff findings are attached in Exhibit A, and a more detailed description of the Project, as provided by Washington County, is attached as Exhibit B.

This Concept Endorsement is based upon the information contained in the concept endorsement request provided to Metro by Washington County, including the following Project unit mix:

<u>Number of Units</u>	<u>Number of Bedrooms</u>	<u>AMI Level</u>	<u>Project Based Vouchers</u>
19	One-bedroom	30%	15
25	One-bedroom	60%	0
9	Two-bedroom	30%	9

Disbursement of funds for the Project will be processed in accordance with the terms and conditions set forth in the Affordable Housing Bond Measure Program Intergovernmental Agreement between Metro and Washington County, following Metro's Final Approval of the Project.



5/20/2021

Marissa Madrigal

Date

Chief Operating Officer

Exhibit A: Metro staff findings and recommendations | Metro bond concept endorsement request for Saltzman Road Senior Housing



Drafted by: Emily Lieb, Housing Bond Program Manager, Valeria McWilliams, Housing Bond Program Analyst, and Choya Renata, Senior Communications Specialist, Metro
Date: May 17, 2021

Criteria for funding approval

Metro will issue Concept Endorsement to local implementation partner (LIP) upon Metro's determination that (a) the proposed Project reasonably contributes to the Unit Production Targets relative to the amount of the Eligible Share proposed to be used for the Project; and (b) the Project is consistent with the Local Implementation Strategy (LIS), the Work Plan, and the Bond Measure.

Staff recommendations

Staff recommends the Metro Chief Operating Officer (COO) provide Concept Endorsement of funding for Saltzman Road Senior Housing. Findings from Metro's staff review are summarized below. Additional information about the project can be found in Exhibit B, the project narrative submitted by the Housing Authority of Washington County (HAWC).

Contribution to unit production targets

Saltzman Road will utilize 4.6% of HAWC's total allocation of bond funds (\$5,400,000) while delivering 53 units that meet the following unit production outcomes:

- 6.5% of HAWC's overall unit production target;
- 8.4% of HAWC's target of units affordable to households making 30% or less of area median income (AMI); and
- 2.2% of HAWC's family sized unit target.

When combining this project to HAWC's existing development portfolio, this puts the County on a path to have utilized 85.1% of total allocation of bond funds while delivering on the following cumulative unit production outcomes:

- 99.3% of HAWC's overall unit production target;
- 93.7% of HAWC's target of units affordable to households making 30% or less of area median income (AMI); and
- 97.1% of HAWC's family sized unit target

Eligibility and readiness to proceed

HAWC has submitted and Metro staff have reviewed and evaluated submitted materials for evidence of project feasibility and readiness to proceed. These include:

- A preliminary project pro forma dated 04/23/2021
- Warranty deed dated 04/18/2002
- Site plan and rendering that prove development capacity on the site
- A zoning form that lists a Type III land use approval required to utilize a density bonus available for affordable housing. The development team will submit the request on June 1st.
- Development team resumes

- Home First Development has a lot of experience constructing but not owning real estate in Oregon but they do have several projects in the pipeline including the Findley Commons project sponsored by Portland Housing Bureau

Staff have not identified any unusual risks to project feasibility and readiness and will continue to request updates from the City regarding how work is proceeding.

Advancing racial equity

Metro staff have reviewed final project materials to confirm consistency with the racial equity elements of HAWC's approved LIS. Key findings include:

- **Location:** Saltzman Road Senior Apartments would be the only bond project in northern Washington County, located in the Cedar Mill neighborhood of unincorporated Washington County perceived as a high opportunity area. The project is located within a half-mile of the Cedar Mill Library, recreational facilities (indoor pool, ball fields, track, walking paths) and a large grocery shopping center.
- **Transit access:** TriMet line 50 bus stop is 300 feet away and TriMet Line 48 and 62 bus stops are within 0.25 miles away that connect to Washington Square, Hillsboro and Sunset Transit Centers.
- **Diversity in contracting/hiring:** Home First is committed to achieving Washington County's established goal of 20% MWESB participation in contracting.
- **Access for historically marginalized communities:** Home First Development utilizes a Low Barrier model for screening applicants including an automatic reevaluation of application if an applicant is denied due to an adverse screening outcome. The model also takes into account successful completion of treatment or renter success courses and positive references in the rental application.
- **Culturally appropriate services:** Home First and Christ United Methodist Church will jointly oversee ongoing operations of the project. Three service providers have been selected for the project: Friendly House, Bienestar and SAGE Metro Portland. They will work together to coordinate resident services.

Community engagement to inform project implementation

Metro staff have reviewed the narrative to confirm consistency with the community engagement elements of HAWC's approved Local Implementation Strategy (LIS). Key findings include:

- **Strategies for ensuring ongoing engagement around project implementation reaches communities of color and other historically marginalized community members:**

This project is informed by engagement by Washington County, in the LIS phase and the NOFA phase, as well as listening sessions with BIPOC community groups including Native/Indigenous, Asian Pacific Islander, Black, Somali and Latinx communities. Developer will also work with Bienestar to further consult with Latinx community members, SAGE and Friendly House to reach LGBTQ seniors, and the Citizen Participation Organization for Cedar Mill area.

- **Strategy for ensuring community engagement to shape project outcomes to support the success of future residents:**

Themes from engagement will inform project design. As engagement isn't yet complete, Metro staff look forward to reviewing engagement themes and ways they influenced the project.

EXHIBIT B: Project summary submitted by Washington County | Metro bond concept endorsement for Saltzman Road Senior Housing

Submitted by: Shannon Wilson, Housing Development Manager,
Washington County, Shannon_wilson@co.washington.or.us
Submitted on: 2/3/2021 updated 5/18/2021

Project Overview

Saltzman Road Senior Apartments will be a new construction project that will provide 53 affordable apartment homes to seniors, 62 and older. The project is located on a site owned by Christ United Methodist Church. The .95 acre site is currently vacant. The development envisions a four-story, garden-style building with an elevator, a combination of brick and Hardi-style fiber cement lap siding exterior, and pitched roofs.

The project is intended to be financed with Metro Affordable Housing Bond funds, 4% LIHTC, private permanent loan, deferred developer fee, donated land and developer contribution.

Preliminary Development Program

The site plan includes an expansive (2,300+ SF) service delivery space spread across three rooms on the ground floor. The floor area ratio of this project is expected to be 1.33 and the building will reach a height of 45 feet. Total square footage is 43,621.

The project design includes a community garden, barbeque/picnic area, private meeting space for confidential 1-1 service delivery, and complimentary building-wide Wi-Fi. The project includes 19 parking spaces and a dedicated area for pick-up and drop-off near the building entrance. The site and floor plans have developed through months of planning and consultation with Christ United Methodist Church parishioners and leadership, Home First Development, Washington County planning officials, project architect Doug Circosta, and services provider Friendly House/SAGE to ensure a thoughtful, useful space for future residents. SAGE, is a program run by non-profit Friendly House that provides case management and outreach services to LGBT seniors throughout Multnomah County since 2012.

Unit size (no. of bedrooms)	No. of units	AMI %	PBVs	Square feet/unit	Gross monthly rent/unit
1 bedroom	25	60%	0	600	\$1,036
1 bedroom	19	30%	15	600	\$518
2 bedroom	9	30%	9	796-818	\$621
Total	53		24		

Project Image



Background

In March 2020, Washington County released a Notice of Funding Availability (NOFA) for \$80 million of the \$116,465,532 allocated to the County for the production of 814 units of regulated affordable housing. Applications were due May 26, 2020. The NOFA was informed by the County's Local Implementation Strategy and the Intergovernmental Agreement (IGA) between the County and Metro. Seven applications were received requesting a total of \$71,476,088.

Based on a multi-step evaluation process including staff review, evaluation committee review, third-party financial analysis, and input from the Housing Advisory Committee, six projects that applied to the NOFA received Concept Endorsement. At that time, the Saltzman Road Senior Apartments project was not selected; however, the evaluation committee recommended that staff work and negotiate with the developer to address concerns raised in the evaluation process.

The Evaluation Committee identified that the following changes should be made:

- Ownership structure was that Home First would develop the project and Christ United Methodist Church would own and operate the Housing. The evaluation committee recommended that an experienced owner and operator of affordable housing is involved in the project long-term.
- The service providers identified in the initial application were not based in Washington County and were not culturally specific. The evaluation committee recommended that Home First secure a Washington County-based culturally specific service provider.
- The construction budget did not match components of Washington County and Metro's underwriting requirements, specifically development costs provided were low and the

Evaluation Committee recommended that the developer evaluation the construction budget and address concerns raised by the County's financial analysis consultant.

- The initial unit mix included a significant number of 2-bedroom units that raised concerns about appropriateness for age-restricted senior housing. The Evaluation Committee recommended the developer reconsider unit mix.

Staff have worked with the project developer, Home First, over the past four months to address those concerns around project ownership structure, culturally specific service partner, and construction budget to strengthen the proposed project and align it with the Metro Bond NOFA guidelines and Local Implementation Strategy. Specific changes made include:

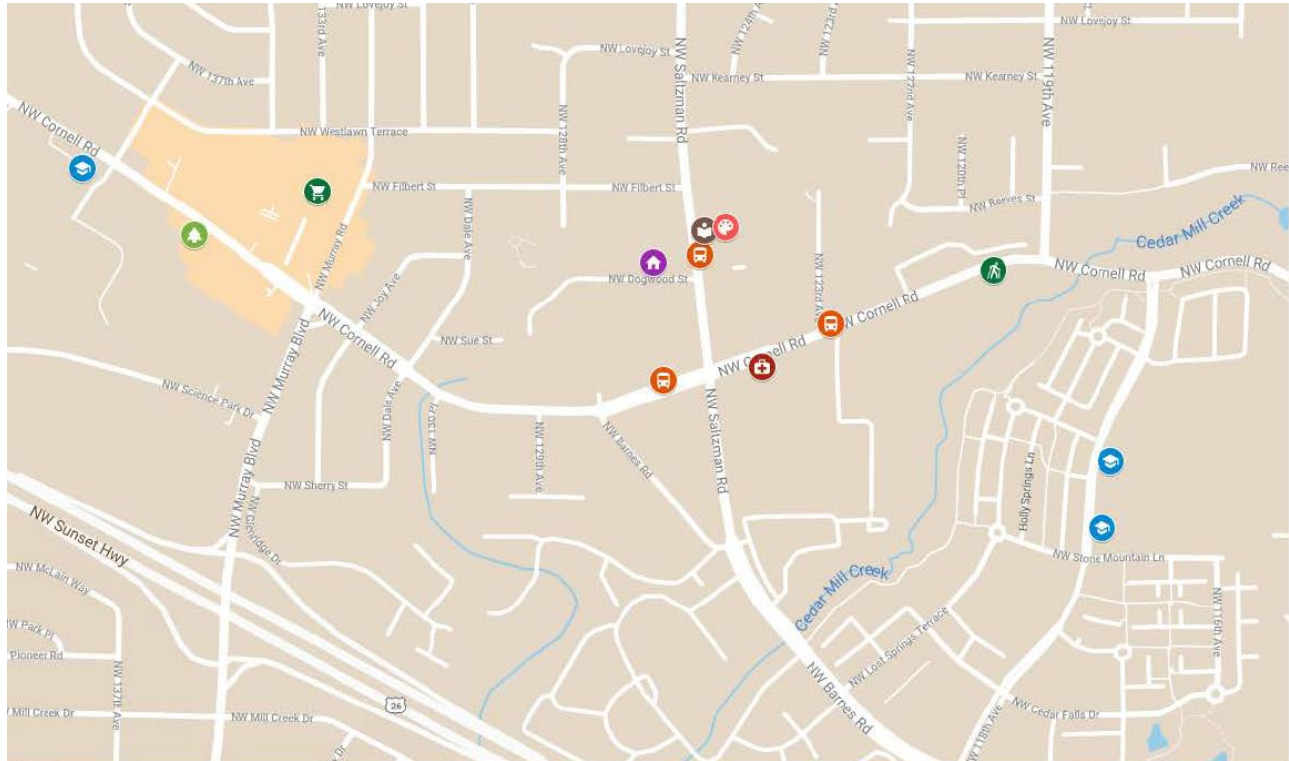
- Ownership structure: Home First Development will now be a part of the long-term ownership entity and will provide property management at the project. Previously, Christ United Methodist Church was going to operate the project without having previous experience in affordable housing operations or management. Home First and the church have a Memorandum of Understanding outlining this relationship that will be formalized in an Operating Agreement as the project moves forward.
- Culturally specific service provider: The evaluation committee requested that Home First establish a relationship with a culturally specific service provider based in Washington County to join the other established partners in the project to provide onsite services to residents of the housing project once it is built. Home First has partnered with Bienestar, a Washington County-based organization to provide services.
- Construction budget: With assistance from the County's third-party financial analysis consultant, Home First has updated the project's construction budget to meet Washington County and Metro underwriting requirements.
- Unit Mix: Home First adjusted unit mix based on input from Washington County staff and third-party financial analysis consultant to better reflect needs of senior populations.

A Phase I Environmental Report has been completed as well as initial work with Washington's County's Land Use and Transportation Department regarding the Land Use process.

Location and Neighborhood

The project is well-located in a high opportunity area within a half-mile of three TriMet bus lines, library, recreational facilities (indoor pool, ball fields, track, walking paths), and large grocery shopping center.

Local vicinity: Cedar Mill Library 300 feet away, TriMet line 50 bus stop 300 feet away, Safeway 0.4 miles away, TriMet line 48 & 62 bus stop 0.25 miles away.



Site

The Property consists of one tax lot and a portion of a second tax lot forming a contiguous irregularly-shaped parcel with an approximate area of 0.83 acre in size. The Property is designed and used for residential purposes. Access to the Property is provided from NW Dogwood Street and NW Saltzman Road. Manicured landscaping surrounds the Property along all four boundaries and between the parking lots. A stormwater swale is located on the southeastern corner of the Property. A stormwater swale is constructed adjacent to the southeast of the Property. Tax lots are R629975 and R629948. The site is owned by Christ United Methodist Church.

In 1936, the Property appeared to be occupied by trees. By 1948, these trees were removed, and the Property appeared to be vacant land. Between 1948 and 1951, A dwelling was constructed on the eastern portion of the Property. Between 1963 and 1970, another dwelling was constructed on the western portion of the Property. Between 2009 and 2012, a stormwater swale was constructed on the southeastern corner of the Property. The Property has remained largely unchanged since this time with the two older homes currently operated as rental units by the church. Home First and Christ United Methodist Church plan to work with their property management agent and relocation consultant to assist those two households. The houses will be demolished as a part of the development of the site. Current zoning allows for the development of multifamily housing; the

development will pursue a planned unit development process to utilize a density bonus available for affordable housing development.

Project Financing

Cost per unit: \$293,057 Cost per gross SF: \$462.26

Sources	
Affordable Housing Bond	\$5,400,000
Permanent Loan	\$3,650,000
4% LIHTC	\$6,027,206
Deferred Developer Fee and Cash	\$454,816
Total	\$15,532,022

Uses	
Acquisition Costs	\$810,000
Construction Costs	\$9,811,863
Development Costs	\$4,910,159
Total	\$15,532,022

Washington County provides property tax abatement as well as reduced parking requirements for regulated affordable housing.

Development Team

Home First Development has been a lead construction manager/owner’s representative for the development of more than 500 units across Oregon and SW Washington. All projects managed by Home First have utilized the efficient, thoughtful designs of architect Doug Circosta. Home First Development has overseen affordable housing developments ranging in size from 16 to 144 units and has designed units for seniors, Veterans, low-income families, formerly homeless residents, workforce, and other vulnerable populations.

Home First has experience securing, utilizing, and managing public funding from a wide variety of sources including local foundations, the OHCS LIFT program, LIHTC 4% tax credits, Oregon Health Authority SPMI development funding, and more. Since 2017, Home First Development has secured and managed more than \$30M in public funding for multiple projects across Oregon on behalf of mission-driven clients. Home First Development utilizes a variety of project management tools to track and manage all project expenses and employs a full-time project financing manager with more than 20-years of experience as a CFO to monitor all project budgets, draws, and associated compliance. Home First Development has experience developing nearly 300 affordable units within 6 projects across the state since 2017. Those projects include 18th Street Apartments (St. Helens-16 Units), West Ridge Place (Hines-20 Units), Claxter Crossing (Salem,102 Units), and Relay Resources Juniper & Huckleberry (Portland-104 Units).

Doug Circosta, Architect is experienced in a wide variety of architectural projects from concept to closeout in the role of Project Designer, Project Architect, Project Manager, and Principal. Circosta is experienced in working with many city agencies relating to entitlements, design review, construction permits, variances, and appeals. Circosta has working experience with many city zoning codes, the Oregon Structural Specialty Code, International Building Code, Washington Building Code and California Building Code and have considerable experience working collaboratively with owners, developers, contractors, and City officials. Circosta has special

interest in sustainable architecture and designed the Vancouver Hilton Hotel and Convention Center, one of the first major hotels in the country to become LEED certified and a branch office for Wauna Federal Credit Union in Scappoose Oregon, the first LEED certified building in Columbia County and the first LEED certified credit union in Oregon. Circosta embraces challenges, is devoted to growth and self-improvement, and committed to excellence. Circosta believe that architecture should meet the needs of the community as well as the client and in creating architecture that is practical, innovative, efficient, functional, sustainable, livable, and beautiful. Committed to the affordable housing goal that everyone deserves quality housing they can afford and a place they can call their home.

General contractor for the project is Beaudin Construction. Beaudin Construction is a distinguished Construction Management and General Contracting firm offering a superior level of attention and commitment to our client partners. In addition to managing construction. Beaudin helps clients navigate the challenging unknowns of development, design and preconstruction. Beaudin Construction is a Woman Owned and Veteran Owned corporation operating in Oregon and Washington. Beaudin Construction is committed to providing an unprecedented level of service and a high quality product to our client partners on every project we undertake. Beaudin are selective in accepting project opportunities to ensure we are working with clients who share similar values as well as to ensure we take on an appropriate amount of work in order to continue our tradition of excellence in meeting our project goals.

Community Engagement

Washington County conducted a first phase of Community Engagement as part of the process to develop its Local Implementation Strategy as well as the NOFA that Home First initially applied to. In addition, Washington County has conducted listening session geared toward specific BIPOC communities this past fall and winter to gain feedback that developers can use to inform their project design.

In addition, the development team will regularly communicate with the Citizen Participation Organization for the Cedar Mill area, and work with Bienestar to gain input from Latinx community members.

Advancing Racial Equity

Geographic dispersal of Affordable Housing Bond funded projects throughout the County is a development priority identified in Washington County Local Implementation Strategy. To that end, the Saltzman Road Senior Apartments is the only bond project in northern Washington County. The project is also located in the Cedar Mill neighborhood of unincorporated Washington County, which is a high opportunity area with access to nature, living wage jobs and other services.

Home First Development utilizes a Low Barrier model for screening applicants in order to establish a population composed of individuals demonstrating the highest and most immediate of needs, including but not limited to historically underserved and vulnerable populations such as people of color and/or identification as LGBT.

Low Barrier screening is specifically designed to promote accessibility to households with adverse credit, rental and legal histories, and who subsist on a very limited income. Any applicant who is denied due to an adverse screening outcome will be automatically re-evaluated on a case-by-case basis, taking into account successful completion of treatment or renter success

courses, positive references, and any other documents submitted on their behalf. Saltzman Road Senior Apartments will be built on the foundations of Equity, Inclusion, and Diversity. The principles inherent in our mission reflect this commitment through daily operations as well as long-term planning and mission. This commitment will be reinforced through staffing, vendor selection, and operational plans and policies that are built upon Equity, Diversity, and culturally responsive services.

Ongoing training will be required annually for all staff in Diversity, Equity, and Inclusion, both in an online and a live classroom setting. All marketing and outreach activities will be specifically designed to reach those who are least likely to apply for the property, and to encourage the target populations, including people of color, to join the community.

Home First will meet Washington County's established goal of 20% MWESB contracting.

Partnerships and Services

Home First/CUMC will jointly oversee ongoing operations of the project. Property management provider will be selected as the project moves forward. Three service providers have been selected to best meet the needs of future residents from a wide variety of backgrounds and cultures – Friendly House, Bienestar, and SAGE Metro Portland. These service providers will coordinate services.

The overarching goal for this project is to create a safe, welcoming, affordable community that offers residents the opportunity to gain skills and find the support they need to live healthy, active, and independent lives. The service coordinator will empower residents to build a culture of interdependence and mutual support among residents, service providers, and management. SAGE will offer a rich array of educational, social, recreational, fitness, wellness, and community-building opportunities designed to support residents to live with resilience and independence.

Service coordination will include but is not limited to benefits screenings, resource navigation and referral, coordination of in-home services and supports as needed, options counseling, decision-making support, advocacy and to serve as liaisons between management and residents, with the goal of supporting people to live active and independent lives.

For residents who are very self-directed and independent and/or folks unable to engage in comprehensive service coordination, resident services staff will provide I&R services in order to improve access to needed services. Residents will be active participants in creating and driving offerings that have meaning for them. Community space will be used for affinity groups to meet without staff if they choose, helping them to take "ownership" over shared community space. Residents will report improved quality of life, sense of belonging and connection to their community, and increased independence because of services, on annual surveys.

Anticipated Timeline

- Land Use Submittal: June 1, 2021
- Land Use Approval: December 1, 2021
- Building Permit Submittal: December 1, 2021
- Washington County Board of Commissioners Final Approval March 2022
- Construction Closing: May 1, 2022
- Construction start: May 1, 2022
- Building completion and lease-up: July 1, 2023

Metro Affordable Housing Bond Program Final Approval

Project Name: The Valfre at Avenida 26
Implementing Jurisdiction: Washington County
Metro IGA Contract Number: 936591
Date of Concept Endorsement: September 17, 2020
Anticipated construction start: July 2021
Anticipated construction completion: September 2022

Action:

Metro hereby provides the Washington County with Final Approval of \$3,792,080.00 in Metro Affordable Housing Bond funds for the development of The Valfre at Avenida 26, a regulated affordable housing project located at 2525 A Street, Forest Grove. Metro staff findings are attached in Exhibit A, and a more detailed description of the Project, as provided by Washington County, is attached as Exhibit B.

This Final Approval is based upon the information contained in the final approval request provided to Metro by Washington County, including the following Project unit mix:

Number of Units	Number of Bedrooms	AMI Level	Project Based Vouchers
4	One-bedroom	30%	4
2	One-bedroom	60%	0
4	Two-bedroom	30%	4
20	Two-bedroom	60%	0
6	Three-bedroom	30%	0

Disbursement of funds for the Project will be processed in accordance with the terms and conditions set forth in the Affordable Housing Bond Measure Program Intergovernmental Agreement between Metro and Washington County, and will occur within 10 days of Metro's receipt of the following items: a draft regulatory agreement meeting IGA terms, a final sources and uses budget, a construction contract schedule of values, and an invoice from Washington County including wiring or other instructions related to transfer of funds.



Marissa Madrigal

Chief Operating Officer

5/20/2021

Date

Exhibit A: Metro staff findings and recommendations | Metro bond funding final approval for The Valfre at Avenida 26



Drafted by: Emily Lieb, Housing Bond Program Manager; Valeria McWilliams, Housing Bond Program Analyst, and Choya Renata, Senior Communications Specialist
Date: May 17, 2021

Criteria for funding approval

Metro will issue Final Approval to the local implementation partner (LIP) upon Metro's determination that (a) the proposed Project reasonably contributes to the Unit Production Targets relative to the amount of the Eligible Share proposed to be used for the Project; and (b) the Project is consistent with the Local Implementation Strategy (LIS), the Work Plan, and the Bond Measure.

Staff recommendations

Staff recommends the Metro Chief Operating Officer (COO) provide Final Approval of funding for The Valfre at Avenida 26. Findings from Metro's staff review are summarized below. Additional information about the project can be found in Exhibit B, the project narrative submitted by the Housing Authority of Washington County (HAWC).

Changes since concept approval

The project has undergone some changes since concept endorsement. The total project cost increased by \$2.6 million dollars, but the requested Metro bond subsidy and proposed unit mix remained the same. Changes or updates to information previously provided during the concept endorsement phase include:

- Number of buildings: from five (5), 2-story buildings to six (6) buildings total – Three (3) 2-story buildings, two (2) 3-story buildings, and one (1) 1-story building
- Courtyards: building orientation and site layout maximizes the courtyard areas
- Parking: parking spots increased from 40 to 48
- Unit Square Footage: increase in all unit sizes resulting in a total increase, from 28,050 to 29,537 square feet

Contribution to unit production targets

The Valfre at Avenida 26 will utilize 3% of HAWC's total allocation of bond funds (\$3,792,088) while delivering 36 units that meet the following unit production outcomes:

- 4.4% of HAWC's overall unit production target;
- 2.4% of HAWC's target of units affordable to households making 30% or less of area median income (AMI); and
- 7.4% of HACC's family sized unit target.

When combining this project to HAWC's existing development portfolio, this puts the County on a path to have utilized 85.1% of total allocation of bond funds while delivering on the following cumulative unit production outcomes:

- 99.3% of HAWC's overall unit production target;
- 93.7% of HAWC's target of units affordable to households making 30% or less of area median income (AMI); and

- 97.1% of HAWC's family sized unit target.

Readiness to proceed

HAWC has submitted and Metro staff has reviewed and evaluated submitted materials for evidence of project feasibility and readiness to proceed. These include:

- An updated project pro forma dated 04/20/2021
- OHCS Affirmative Fair Housing Marketing Plan
- Residents Service Plan
- Letters of Intent by OHCS, Housing Authority of Washington County, Network for Oregon Affordable Housing and Umpqua Bank
- 80% design development drawings
- Phase I Environmental Site Assessment (ESA) dated 02/22/2021
- Geotechnical report confirming buildability of soils dated 10/21/2020
- Land appraisal dated 01/25/2021

Staff have not identified any major risks to project feasibility but will continue to request updates from HAWC regarding how work is proceeding.

Advancing racial equity

Metro staff have reviewed final project materials to confirm consistency with the racial equity elements of HAWC's approved LIS. Key findings include:

- **Location:** The project is located in a centralized neighborhood, two blocks from Harvey Clarke Elementary School, across the street from Lincoln Park and two blocks from Sites City Park. The site is also adjacent to Pacific University and a 10 minute walk from Forest Grove downtown where the Forest Grove City Library, Aquatic Center and other services and business are located.
- **Transit access:** A frequent service Tri Met Line 57 bus stop is located within a 10 minute walk from the property. This line provides direct access to the Hillsboro Transit Center to the east.
- **Diversity in contracting/hiring:** The development team's goal is to provide exceed a goal of 35% DMWESB participation in the project. The development team and project partners will partner with LatinoBuilt to reach this goal.
- **Access for historically marginalized communities:** Bienestar will use an outreach model consisting of marketing availability of units through in-person strategies: in-person visits to major employment centers, communication at places of worship, libraries, and stores owned by Latinx entrepreneurs or frequented by Latinx target population. Additionally, Bienestar will rely on word of mouth via its Promotores (resident leaders who connect other residents to needed services).
- **Culturally appropriate services:** On-site services will be provided by Bienestar to ensure that culturally specific, bilingual care is provide to the residents. Bienestar will work with culturally specific service providers like Adelante Mujeres, Centro Cultural and Virginia Garcia Memorial Health Center, to ensure that resident populations will have their needs met. While the Bienestar staff will have a part-time presence in the project, a service case manager/service coordinator who is bilingual and bicultural will also be hired. These two

staff members will work along a Resident Services Director for property management and operations.

Community engagement to inform project implementation

Metro staff have reviewed the updated narrative to confirm consistency with the community engagement elements of HAWC's approved Local Implementation Strategy (LIS). Key findings include:

- **Strategies for ensuring ongoing engagement around project implementation reaches communities of color and other historically marginalized community members:**

Community engagement activities are clearly described and appear to have been effective at eliciting input from BIPOC and other marginalized community members. All of the thirteen community participants were people of color. Spanish translators were provided at community meetings as the majority of participants were Hispanic, Latinx or Spanish. Using the established local community connections with Bienestar's promotores, participants were drawn from the following Bienestar affordable housing developments in Forest Grove: Juniper Garden and Elm Park. As a result, 100% of community participants currently live in affordable housing. Washington County staff note in their report that "Overall, we felt that the community engagements were very successful. We were pleasantly surprised that the engagement took over an hour and residents were eager to participate." A final open community meeting is being planned for June and Metro staff look forward to seeing the results from Washington County's future engagement efforts.

- **Strategy for ensuring community engagement to shape project outcomes to support the success of future residents:**

Washington County's engagement report shows strong coordination in obtaining community feedback. In the past six months, Washington County staff coordinated eight listening sessions by contracting with culturally specific organizations. Due to the challenges of the ongoing pandemic, a design task force of culturally diverse people was not convened as planned. However, cultural perspectives in the design and amenities of the project were obtained through resident focus groups and Bienestar's engagement with community members. The engagement activities produced several concrete needs and opportunities to support the success of future residents. Fifteen themes were identified and considered for project implementation. Major themes include:

- Need for larger community room and kitchen
- Need for increased personal planting space
- Need for safer play areas for children
- Need for larger more durable benches
- Need for more shelf and cabinet storage space
- Need for larger, family-sized units

As a result of community feedback, the site was modified to create a centralized, single building containing the management office, laundry room and an expanded community room and kitchen. Two bedroom units were relocated so that all family-sized units were adjacent to the courtyards and have good views from the apartments to the play area, to support safely monitoring children at play. Storage space and cabinet space was evaluated and increased in each of the unit plans. Larger benches and a boot washing station were requested through community feedback and added to the

site design as well. Some areas of feedback were not able to be incorporated into project design, primarily for financial feasibility reasons or reasons of limited space, and are well documented. It appears there was clear communication with engagement participants regarding which elements of their feedback would change the project, and which were not possible.

EXHIBIT B: Project summary submitted by Washington County | Metro bond concept endorsement for The Valfre at Avenida 26

Submitted by: Shannon Wilson, Housing Development Manager
Washington County, Shannon_wilson@co.washington.or.us
Submitted on: 4/21/2021

Project Overview

The Valfre at Avenida 26 is a proposed affordable multi-family housing development located on a 1.36-acre site at 2525 A Street in Forest Grove, Oregon. Prior to purchase by DCM Communities LLC, the property was owned and operated by Van Doren Red-E-Mix, Inc. (a ready-mix concrete manufacturer). The former facility consisted of a vehicle and equipment maintenance shop, a concrete batch plant, a wastewater settling pond, and a single-family residence used as a rental property and office. The concrete batch plant was demolished in 2015 and the settling pond removed by 2016, but the maintenance shop and single-family are currently onsite and will be demolished as a part of this project development.

The project will consist of six buildings (3 two-story, 2 three-story, 1 one-story) totaling 36 units, ranging in size from one-bedroom to three-bedrooms. The single-story building will house a community room. The project will serve families whose incomes are at or below 60% of medium area income (MFI), with 8 units serving families whose incomes are at or below 30% of MFI, consisting of (4) one-bedroom and (4) two-bedroom units designated as Permanent Supportive Housing (PSH) units.

The team is led by DCM Communities LLC, who owns the site and will act as the Developer for the project. DCM will provide turn-key development services to The Housing Authority of Washington County (HAWC), who will be the eventual owner of the development.

Total Project Costs are \$13.6 million anticipated to be financed with \$3.792 million in Metro Bond funds, \$500k of Housing Production Opportunity Funds from Washington County, \$375,345 in deferred developer fee, \$4.14 million in 4% LIHTC equity, and a \$4.8 million permanent loan.

Changes between Concept Endorsement and Final Approval

Revisions since concept approval

- Number of buildings: From five (5), 2-story buildings to six (6) buildings total – Three (3) 2-story buildings, two (2) 3-story buildings, and one (1) 1-story building
- Building(s) orientation: Majority of buildings now orient East-West vs. split previously
- Courtyards: Building orientation and site layout maximized the courtyard area(s)
- Parking: From 40 spots to 48
- Unit Square Footage: Increase in unit sizes resulting in a total increase, from 28,050 to 29,537
- Total project costs increased from \$10.99 million to \$13.6 million

Preliminary Development Program

Unit size (no. of bedrooms)	No. of units	AMI %	PBVs	Square feet/unit	Gross monthly rent/unit
One-bedroom	4	30%	4	586	\$518

Two-bedroom	4	30%	4	787	\$621
One-bedroom	2	60%		641	\$1036
Two-bedroom	17	60%		787	\$1243
Two-bedroom	3	60%		858	\$1243
Three- bedroom	6	60%		1,137	\$1437
Total residential	36			29,549	
Community building				3,464	
Total SF				33,001	

The project unit breakdown consists of (6) one-bedroom units, (24) two-bedroom units, and (6) three-bedroom units. The three-bedroom units will be designed as two-story townhomes, giving our larger families the experience of living in a more traditional, house-like structure. 22% of units will serve households at 30% or less of AMI and has requested site-based rental assistance from Washington County. Forest Grove has a higher share of four or more person households than Washington County and a much higher share than the state with 28.7% of the Forest Grove population in a household that is four-person or larger. To that end, 83% of all units in the development will serve households in a two- or three-bedroom unit.

The development features three two-story buildings and two three-story buildings clustered around the community building and outdoor spaces. Centralized outdoor areas include multiple concrete accessible walkways, while the southern side of the development features access aisles and 48 parking spaces. Other building amenities include a community facility consisting of an activity room, a resident service office, and laundry room. Site amenities include an ample playground area, garden plots/boxes, outdoor seating area, and lawn for outdoor recreation. These facilities will promote community and gathering, as well as accommodation of culturally specific social activities. The project will meet or exceed the requirements for Earth Advantage Gold certification.

Project Image



Background

In November 2018, voters authorized Metro to issue \$652.8 million in bonds to support affordable housing. Washington County will receive about \$116 million to construct 814 affordable housing units in the Washington County Metro Service area outside Hillsboro and Beaverton. The County developed a Local Implementation Strategy (LIS) and, in March 2020, issued a Notice of Funding Availability (NOFA) offering \$80 million of the \$116 million. To be approved for funding, proposed projects must be consistent with the LIS. DCM applied to this NOFA for this Forest Grove project. The project has proceeded through the NOFA evaluation process which has included:

- Staff threshold review
- Third-party financial feasibility analysis
- Evaluation committee review
- Housing Advisory Committee review.

The project was approved by the Washington County Board of Commissioners for Concept Endorsement on September 1, 2020 and approved by Metro for Concept Endorsement on September 17, 2020.

The Valfre at Avenida 26 will be ready to close on construction financing in mid-July 2021 with project completion anticipated before year-end 2022. Site acquisition and environmental due diligence was completed prior to Concept Endorsement. The preliminary application for 4% tax credits and conduit bond has been submitted. HAWC was approved up to \$7.2 million in private activity bond cap from the State Private Activity Bond Committee on April 21, 2021.

The development team was awarded preapplication financing from Community Housing Fund (CHF) and launched into full design development. The City of Forest Grove Planning Commission approved the plan for the project on April 5, 2021. The finance team of lender and investor are on-board and are beginning to meet regularly as the project gets closer to closing.

Location and Neighborhood



The site is in a walkable, centralized neighborhood two blocks from Harvey Clarke Elementary School, across the street from Lincoln Park and two blocks from Sites City park. The walkable neighborhood contains sidewalks and pedestrian-scaled buildings. The residential area includes small single homes, middle housing and garden apartment buildings.

The site is adjacent to Pacific University and within an easy walk to downtown Forest Grove, as well as food markets, services, and employment opportunities in the immediate neighborhood. Other amenities and services include Forest Grove City Library, Tri-Met and Mid-Columbia bus stops, elementary school, and an aquatic park.

Site

The site is zoned Residential Multi-family High Density (RMH) which allows up to 34 units outright and 38 units with a Planned Unit Development density bonus, which the development plans to pursue in order to entitle the proposed 36 units. The 1.36 acre site currently contains industrial accessory buildings, heavy equipment storage and is secured with a metal perimeter fence. This equipment and buildings were part of the Van Doren Red-E-Mix facility that began operations in 1946. Most of that facility was demolished in 2015. The remaining site buildings will be demolished as part of the development. Prior to 1946, the property consisted of agricultural fields and an associated residence previously located on the eastern portion of the site. A Phase I Environmental report for the site indicates no Recognized, Historical or Controlled Environmental Conditions.

The subject site contains three tax lots: Lots 2100, 2200 and 2300 on Washington County Tax Assessor's Map 1N2-33CB and is specifically identified as Lots 12,12 and 14 of the Branford Addition to Forest Grove. The Project Developer/Sponsor, DCM Communities, purchased the property in January 2020. The existing lots have been consolidated.

Describe key findings from the Phase 1 environmental assessment and geotechnical report, and any follow up studies underway.

Phase I

- A Phase I site assessment was completed on February 22, 2021.
- 2525 A Street and 2508 Main were historically the location of a former concrete batch plant which was previously owned by Van Doren Redi-Mix.
- The Phase I ESA revealed no evidence of RECs (recognized environmental conditions) in connection with the Property.
- De minimis conditions were identified:
 - At the time of property redevelopment, any identified septic systems, domestic wells, or heating oil tanks should be decommissioned in accordance with federal, state, and local regulations. It is possible that limited quantities of chemically impacted soil could be encountered during decommissioning of these features. MFA prepared a contaminated media management plan (CMMP) for 2525 A Street; the CMMP outlines protocols to be followed for any activities that penetrate the ground surface and result in disturbance of, or exposure to, soil or groundwater at the site, and for the management of soil or groundwater generated from these types of activities (MFA, 2020).

Geotechnical Report

- A geotechnical site investigation was performed on September 25th and 28th, 2020 and a final report was distributed on October 21, 2020 by Alder Geotechnical Services.
- The site is suitable for the proposed development.
- The site has varying depths of undocumented fill that will need to be removed and replaced with compacted fill suitable for construction of this proposed development type.
- Recommendations have been made as to the design and fill requirements for building foundations, stormwater and site water drainage.
- A geotechnical engineer will be present during key building stages to report on the progress of the geotechnical requirements for construction.

Project Financing

Total Project Costs are \$13.6 million with total hard costs for construction projected \$6.909 million, and the development team is requesting \$3.792 million in Metro Bond funds. Other sources of income include a \$385,127 deferred developer fee, and \$4.14 million in a 4% LIHTC award. A \$4.8 million permanent loan is anticipated for the project. Total cost per unit is \$378,145; cost is \$390.08 per gross SF.

With HAWC’s involvement in the project, it will receive ongoing property tax exemption. The City of Forest Grove also provides a density bonus, which the development team will pursue.

Funding Source	Amount
OHCS Programs	\$4,135,910
Total OHCS Grants and Equity	\$4,135,910
Non-OHCS Grants	
Metro Housing Bond	\$3,792,088
Housing Opportunity Fund	\$500,000

Total Non-OHCS Grants	\$4,292,088
Loans	\$4,800,000
Deferred Developer Fee	\$375,345
Total Fund Sources	\$13,603,343

Uses of Funds	Amount
Acquisition Costs	\$777,587
Construction Costs	\$9,055,627
Total Development Cost	\$3,770,129
Total Project Cost	\$13,603,343

Development Team

The team is led by DCM Communities LLC, who will act as the Developer and Sponsor for the project. DCM will provide turn-key development services to The Housing Authority of Washington County (HAWC), who will be the Owner of the development. Service partners include Bienestar and Sequoia Mental Health. Cascade Property Management is also part of the team.

DCM Communities LLC is a newly formed, mission-driven development company that represents a unique collaboration between dedicated professionals representing the various disciplines involved in developing affordable housing. Principals Stephen McMurtrey, Brian Carleton, and Chris Duffin bring decades of experience in design, construction, development, and financing of affordable housing throughout Oregon and Washington. Partners in affordable housing development, the beginning idea for this venture was forged when they collaborated through the Meyer Memorial Trust Cost-Efficiencies Workgroup in 2014. As a result, they have come together to provide an integrated development model focused on capacity building design, construction, and management that can deliver successful projects efficiently and holistically to smaller communities in the region.

The Housing Authority of Washington County (HAWC) has been providing and developing affordable housing opportunities in Washington County for nearly 50 years. Begun in 1970, the effort has continued in the County’s Department of Housing Services (DHS). The Department of Housing Services was formed in 1992 to administer housing activities and programs of the County and the Housing Authority. HAWC remains a separate legal entity and contracts with the County to implement and administer Housing Authority programs and all support services. This mission of the Department of Housing Services/HAWC is to provide a continuum of affordable housing options that promote community strength. Currently, DHS/HAWC administers 2,828 Section 8 Rental Assistance Vouchers and has a portfolio of 1,818 affordable housing (developed independently and in partnership with developers) and public housing units with 264 units in the pipeline.

Bienestar, an experienced affordable housing provider based in Washington County, will collaborate with DCM during the development process to lead the effort in community outreach and inclusion as well as equitable marketing and lease-up. Long term, Bienestar will collaborate with HAWC to provide on-site services to the families and individuals who live at this development.

Sequoia Mental Health Services, Inc. is a nonprofit organization incorporated in the State of Oregon, providing mental health and substance use services for the residents of Washington County. The parent agencies of Sequoia were founded in the 1980s (Homestreet in 1981 and Banyan Tree in 1984). Sequoia MHS currently provides an array of behavioral health services for adults and children and believes that individuals have the right to culturally competent, accessible, person-centered treatment and that anyone can recover, resume and maintain a life full of hope and meaning. Services are provided by licensed medical practitioners (MDs and Nurse Practitioners), licensed clinical social workers, Qualified Mental Health Professionals with master's degrees, Qualified Mental Health Associations with bachelor's degrees and certified peer specialists.

Cascade Management has created a tradition of excellence with over 45 years of experience in property management, development, resident relocation, capital planning, affordable housing and beyond. Cascade Management has made social equity and diversity a priority and is committed to providing equal access to all with regard to employment, vendor relationships and contracting opportunities. Cascade Management works to assure they are providing the highest level of service to these diverse resident groups and communities.

Community Engagement

Over the past six months, Washington County staff coordinated eight listening sessions with individuals from a variety of cultural groups by contracting with culturally specific organizations active in Washington County. Those listening sessions focused on receiving input on project design. Feedback from the sessions were collated and shared out with each Affordable Housing Bond-funded project in Washington County.

Project specific engagement to-date has included two focus groups with members of the Latinx community coordinated by partner, Bienestar, two neighborhood meetings, and one public hearing required as a part of the City of Forest Grove's Planned Unit Development Application process. Primary input from these engagement events has been incorporated in the project design:

- Focus on maximizing outdoor space (focus group)
- Focus on durable, exterior seating and play space (focus group)
- Focus on increased/permanent seating areas around the courtyard areas (focus group)
- Focus on family proximity to courtyard for visibility (focus group)
- Focus on increasing parking to minimize neighborhood impact (neighborhood)
- Washer/dryer units in three-bedroom units (listening sessions).

A Community Engagement report with additional details has been submitted as part of Final Approval.

Advancing Racial Equity

The development team and project partners submitted an equity plan that prescribes a how a comprehensive multi-lingual marketing and lease-up plan to ensure racial and economic equity, that all classes of disadvantaged populations will have equal and fair access to rent units at FGFH, and that the project is furthering affordable housing choice in Washington County. Forest Grove and adjacent Cornelius have been a center for the Latinx community since WWII, when the implementation of the "Bracero" program allowed Mexican immigrant workers to build the agricultural workforce during the war. Latinxs represent over 30% of the Forest Grove/Cornelius population, which makes this group the area's largest community of color. At the same time,

gentrification and displacement pressures on the Latinx community and other communities of color are intensifying as the cost of living in Forest Grove/Cornelius has consistently increased year over year.

Bienestar's historical model consists of marketing availability of units through the following in-person strategies: in-person visits to major employment centers, communication at places of worship, libraries, and stores owned by Latinx entrepreneurs or frequented by Latinx target populations. Additionally, Bienestar will rely on word of mouth via its Promotores as part of their normal volunteer activities and in their respective places of work and direct referrals from our 2,000 tenants from among their social and professional networks. Bienestar's Promotores are resident leaders who connect other residents to needed services, coordinate service provision at properties with Bienestar staff and advocate for their communities' interests in public forums and processes.

Bienestar will partner with LatinoBuilt, a trade association for Latinx Contractors in Oregon seeking to build a community that empowers and supports the voices of Latinx-owned businesses in their efforts to overcome barriers, develop capacity, promote and enrich lives. Bienestar and LMC will work with LatinoBuilt to hold informative sessions with local MWESB-SDV contractors who are based in Washington County.

LMC will engage personally with the target subcontractors to reach and potentially exceed a goal of 35% DMWESB involvement. In order to maximize participation, the development team will provide pre-bid outreach to the community to prepare them for the upcoming bid opportunities and offer support to any firms interested in getting involved, partner with local membership groups to include their resources and networking opportunities, utilize LMC's network of qualified MWESB & Section 3 firms that have experience in similar work. In addition to outreach and marketing strategies, LMC will provide cash flow assistance through an expedited payment process ahead of monthly project draws, provide prevailing Wage, Section 3 and Workforce Training support and reporting guidance, and allow for on-the-job training in order to include persons with minimal previous work experience.

As the project Architect, Carleton Hart Architecture is committed to social equity in projects and business practices. CHA spent 24 years certified with the State of Oregon as a Disadvantaged Business Enterprise and Minority Business Enterprise. Though no longer certified, equity and diversity remain intrinsic to operations and project. They also provide equity training to staff and have Community Agreements posted throughout the office. They have identified that project civil engineer and landscape architect will be certified Women Owned (WBE) firms, the geotechnical engineer is an ESB firm and are targeting an MBE for structural engineering work.

Partnerships and Services

Bienestar will collaborate with HAWC to provide on-site services to the families and individuals who live at this development. A trained Bienestar staff member will provide information and referral services, coordinate community events, and connect with other service providers to bring a wide array of opportunities to residents. This staff will have a part-time presence at the property to support residents who need connections to Bienestar's many partner organizations. They will also work with the Resident Services Director and other Bienestar staff to provide presentations, community building events, and youth enrichment services at Forest Grove Family Housing.

Services will be provided in partnership with Bienestar to ensure that culturally specific, bilingual care is provided to the residents. Special emphasis will be placed on developing relationships with culturally specific service providers that already maintain a working relationship with Bienestar, such as Adelante Mujeres and Centro Cultural and Virginia Garcia Memorial Health Center, to ensure that a diverse resident population will have their needs met. Once the project is funded, Sequoia will hire a service case manager/service coordinator who is bilingual and bicultural. Sequoia staff and Bienestar resident service staff will consult routinely to share information, problem solve issues and avoid or mitigate crisis situations. Additionally, Sequoia staff will work hand in hand with Bienestar's *Promotores* to provide outreach and watch for signs that a resident may be experiencing a crisis, and will meet regularly with Bienestar resident services staff and on-site property management staff to coordinate services PSH residents and the property as a whole.

Anticipated Timeline

September 2020 – Concept Endorsement

April 5, 2021 – Planning Commission Approval

April 20, 2021 – Housing Production Opportunity Fund Approval

April 21, 2021 – Private Activity Bond Approval

May 18, 2021 – Final Approval – Washington County Board of Commissioners

May 30, 2021 – Final Approval – Metro

July 15, 2021 – Construction Financing Closing

July 15, 2021 – Construction Start

September 2022 – Construction Completion

August -December 2022 – Lease-up

Metro Affordable Housing Bond Program Final Approval

Project Name: Webster Road Redevelopment

Implementing Jurisdiction: Housing Authority of Clackamas County

Metro IGA Contract Number: 936551

Date of Concept Endorsement: April 19, 2019

Anticipated construction start: May 2021

Anticipated construction completion: May 2022

Action:

Metro hereby provides the Housing Authority of Clackamas County (HACC) with Final Approval for \$5,548,542 in Metro Affordable Housing Bond funds, \$2,609,333 for acquisition costs already disbursed in 2019, and \$2,939,209 for the rehabilitation of Webster Road Redevelopment, a regulated affordable housing project located at 18000 Webster Road, Gladstone. Metro staff findings are attached in Exhibit A, and a more detailed description of the Project, as provided by HACC, is attached as Exhibit B.

This Final Approval is based upon the information contained in the final approval request provided to Metro by HACC, including Project cost proformas and statements of sources and uses of funding needed to generate a Project with the following unit mix:

<u>Number of Units</u>	<u>Number of Bedrooms</u>	<u>AMI Level</u>	<u>Project Based Vouchers</u>
8	Single Room Occupancy	30%	8
40	Studio	30%	40

Changes to the information contained in the final approval request provided by HACC could result in reevaluation of the Project's need for Metro Affordable Housing Bond Funds and changes to the staff findings and funding allocation to the Project before funding disbursement. Disbursement of funds for the Project will be processed in accordance with the terms and conditions set forth in the Affordable Housing Bond Measure Program Intergovernmental Agreement between Metro and HACC, and will occur within 10 days of Metro's receipt of the following items: a draft regulatory agreement meeting IGA requirements, a final sources and uses budget, a construction contract schedule of values, and an invoice from the HACC including wiring or other instructions related to transfer of funds.



4/19/2021

Marissa Madrigal

Date

Chief Operating Officer

Exhibit A: Metro staff findings and recommendations | Metro bond funding final approval for Webster Road



Drafted by: Emily Lieb, Housing Bond Program Manager; Valeria McWilliams, Housing Bond Program Analyst, and Choya Renata, Senior Communications Specialist
Date: April 8th, 2021

Criteria for funding approval

Metro will issue Final Approval to the local implementation partner (LIP) upon Metro's determination that (a) the proposed Project reasonably contributes to the Unit Production Targets relative to the amount of the Eligible Share proposed to be used for the Project; and (b) the Project is consistent with the Local Implementation Strategy (LIS), the Work Plan, and the Bond Measure.

Staff recommendations

Staff recommends the Metro Chief Operating Officer (COO) provide Final Approval of funding for Webster Road. Findings from Metro's staff review are summarized below. Additional information about the project can be found in Exhibit B, the project narrative submitted by the Housing Authority of Clackamas County (HACC).

Changes since approval of property acquisition

The project has undergone significant changes since Metro approved funding for HACC to acquire the building. The total project cost increased significantly, but the requested Metro bond subsidy has decreased and proposed unit mix has increased slightly. Changes or updates to information previously provided during the concept endorsement phase include:

- Originally the project proposed 45 single-room occupancy units. After further planning, including participation in Oregon Housing and Community Services' Permanent Supportive Housing cohort, HACC is proposing further reconfiguration of the space resulting in 8 single-room occupancy units and 40 studios, adding three more units to the project all supported by the County's project based vouchers
- Design and programming best practices identified in PSH training combined with the onset of the coronavirus pandemic helped inform the County's redevelopment strategy. The pandemic highlighted the need for resident autonomy and self-sufficiency. The building, as originally designed, had shared half-bathrooms in between units, a bank of separate shower stalls, commercial kitchen and communal dining hall. The redesign of the building now includes each unit with a full private bathroom and a food prep area with sink, fridge, and microwave in addition to common area amenities. Units will be outfitted with Energy Star appliances and light fixtures and toilets and faucets will be low-flow to further reduce energy consumption
- Target population will be nearly-elderly (50 or older) households who are currently experiencing homelessness or at risk of becoming unhoused and/or disabled. Applications will be referred through the county's Coordinated Housing Access (CHA) waitlist.
- The property is zoned R-7.2, a low-density residential zoning district. Within the R-7.2 zoning district "Nursing Homes and Homes for the Aged" are an allowed Conditional Use. On May 19, 2020 the City of Gladstone Planning Commission approved HACC's Authorization of Similar Use and Conditional Use application
- Financing for the project will leverage 4% Low Income Housing Tax Credits, tax exempt construction and permanent financing, County HOME funds, and capital funding committed by the Oregon Housing and Community Services (OHCS) Permanent Supportive Housing

pilot program. These last two sources of funding were not originally anticipated at concept endorsement which is why Metro bond subsidy has decreased in final approval

- Increased project costs are due to construction cost increase and unforeseen rehabilitation issues including but not limited to: structural and hazardous material issues unknown at time of acquisition and more significant rehabilitation work than initially anticipated
- Analysis of alternative options (demo/new build) would have not only required additional cost to the project but a significant change of unit mix due to the following:
 - Rehabilitation plans allowed the development team to extend existing conditional use permit. Otherwise, zoning would have only allowed a maximum of 26 units with conditional use permit that will also require 39 off street parking spaces (1.5 parking ratio)
 - New development would have required the project to meet current code for stormwater system and also additional environmental review due to the use of project based vouchers.
 - The maximum buildable area due to site elevation changes and conservation of current tree canopy
 - Demolition would have included significant cost due to lead and asbestos abatement

Contribution to unit production targets

Webster Road will utilize 5% of HACC's total allocation of bond funds (\$5,548,542) while delivering 48 units that meet the following unit production outcomes:

- 6% of HACC's overall unit production target;
- 14% of HACC's target of units affordable to households making 30% or less of area median income (AMI); and
- 0% of HACC's family sized unit target.

When combining this project to HACC's existing development portfolio, this puts the County on a path to have utilized 43% of total allocation of bond funds while delivering on the following cumulative unit production outcomes:

- 57% of jurisdiction's overall unit production target;
- 60% of jurisdiction's target of units affordable to households making 30% or less of area median income (AMI); and
- 72% of jurisdiction's family sized unit target.

Readiness to proceed

HACC has submitted and Metro staff has reviewed and evaluated submitted materials for evidence of project feasibility and readiness to proceed. These include:

- An updated project pro forma dated 03/25/2021
- OHCS Affirmative Fair Housing Marketing Plan
- Residents Service Plan
- Letters of Intent by OHCS, Housing Authority of Clackamas County, US Bank
- 80% design development drawings
- Geotechnical report confirming buildability of soils dated 01/29/2020
- Land appraisal dated 04/22/2019

- Development team resumes
- Capital needs assessment dated 12/07/2018
- Seismic assessment dated 12/07/2018
- Asbestos and lead-based paint assessment dated 12/20/2018
- Rehabilitation scope and cost estimate dated 04/17/2020

Staff have not identified any major risks to project feasibility but will continue to request updates from HACC regarding how work is proceeding.

Advancing racial equity

Metro staff have reviewed final project materials to confirm consistency with the racial equity elements of HACC’s approved LIS. Key findings include:

- **Location:** The project is located within Clackamas County’s commercial and industrial corridor. In less than half a mile from the property, residents will have access to a Safeway grocery store, Gladstone Nature Park, Ridgegate City Park, and the Walter L Kraxberger Middle School.
- **Transit access:** A Tri Met Line 31 bus stop is located adjacent to the property. This line provides direct access to the Oregon City Transit Center to the south and the Clackamas Town Center as well as the Max Green Line to the northeast. A Tri Met Line 32 bus stop is located less than a quarter mile away from the project providing direct access to downtown Milwaukie and the Orange Max line to the north and Clackamas Community College to the South.
- **Diversity in contracting/hiring:** HACC’s goal is to achieve at least 20% COBID certified subcontractor participation and 20% COBID certified professional services participation.
- **Access for historically marginalized communities:** In addition to provide 48 deeply affordable units to a cost-burden community, HACC has adopted a low barrier screening criteria (only screening out applicants for offenses that HUD requires them to). HACC is committed to work with Home Forward to engage targeted and/or marginalized communities and service providers that work with those communities as part of their community engagement and leasing process.
- **Culturally appropriate services:** Home Forward will be providing property management, resident services, and case management for the project. HACC is also working with the new Supportive Housing Services Program to build a network of culturally specific organizations and providers to help ensure that programming can be culturally aligned to meet the needs of future residents.

Community engagement to inform project implementation

Metro staff have reviewed the updated narrative to confirm consistency with the community engagement elements of Clackamas County’s approved Local Implementation Strategy (LIS). Key findings include:

- **Strategies for ensuring ongoing engagement around project implementation reaches communities of color and other historically marginalized community members:**

Although most of the project-specific engagement for this phase one project occurred prior to Metro’s guidance on reaching communities of color and other historically marginalized groups, HACC reported themes of broader county-wide community engagement that did reach these

priority groups, as well as ways this feedback has influenced this project and overall affordable housing work in the county.

- **Strategy for ensuring community engagement to shape project outcomes to support the success of future residents:**

As noted above, project-specific community engagement occurred in a typical fashion. However, county-wide community engagement particularly with people of color and other marginalized groups resulted in several themes that have influenced this project in support of the success of future residents. These include:

- Low/no barrier screening policies
- Equity analysis of referral process
- Support for culturally specific service providers
- Plans to collaborate with developer to solicit feedback from culturally specific service providers and residents to ensure BIPOC communities are reached and get their needs met

EXHIBIT B: Project summary submitted by the Housing Authority of Clackamas County | Metro bond concept endorsement for Webster Road Redevelopment

Submitted by: Devin Ellin, Interim Director of Housing Development, Housing Authority of Clackamas County, dellin@clackamas.us

Submitted on: 02/22/2021

Project Overview

The Webster Road Redevelopment is the rehabilitation of a former congregate care facility into a mix of 48 studio and SRO housing units. The rehabilitated building will provide housing affordable to households at or below 30% of the area median income (AMI). The marketing plan will target near-elderly (50 or older) households who are currently experiencing homelessness or at risk of becoming unhoused and/or disabled. Applicants will be referred through the county's Coordinated Housing Access (CHA) waitlist. HACC will provide project-based vouchers (PBVs) for all 48 units.

Originally constructed in the early 1960's, the Webster Road building was previously used as a nursing home and most recently as a juvenile rehabilitation center. The building has been vacant since 2017 and in June of 2019, the Housing Authority acquired the property using Metro Affordable Housing Bond funds as the County's Phase 1 project. A 30 year affordability restriction was placed on the property upon sale to HACC. The property is zoned R-7.2, a low-density residential zoning district. Within the R-7.2 zoning district "Nursing Homes and Homes for the Aged" are an allowed Conditional Use. On May 19, 2020 the City of Gladstone Planning Commission approved HACC's Authorization of Similar Use and Conditional Use application (City of Gladstone Planning Decision File No: Z0071-20-C).

Upon construction closing, the land will be ground-leased and the improvements will be sold to a to-be-created Limited Partnership, of which HACC will serve as general partner. HACC will manage design, construction, and financing for the development.

The property is located in a predominately residential neighborhood east of I-205 within the heart of Clackamas County's commercial and industrial corridor, approximately 10 miles south of Portland. The site is located on a regular bus line providing direct access to the Oregon City Transit Center to the south and the Clackamas Town Center and the Max Green Line to the northeast. In addition, a bus stop for Line 32 is located about 50 yards from the site providing direct access to downtown Milwaukie and the Orange Max line to the north and Clackamas Community College to the south.

HACC anticipates starting construction in May 2021 with completion targeted in spring 2022. Once complete, Webster Road will provide 48 homes affordable to seniors, aged 50 and older, who are on fixed incomes or making less than \$20,000 a year.

Financing for the project will consist of 4% Low Income Housing Tax Credits, tax exempt construction and permanent financing, Metro Affordable Housing Bonds, County HOME funds, and capital funding committed by the Oregon Housing and Community Services (OHCS) Permanent Supportive Housing pilot program. A Project Based Voucher (PBV) contract will support all 48 units.

Metro Bond Request:

In addition to the \$2,609,333 used to acquire the building, HACC is requesting \$2,939,209 in

Metro Affordable Housing Bonds for a total bond commitment of \$5,548,542. Including the acquisition improvement costs of \$1,920,056 in eligible basis generated \$675,860 in LIHTC equity. As such, \$675,860 will be returned to Clackamas County’s total bond allocation at construction closing to fund the development of 5-6 additional affordable units in Clackamas County. As such, the Metro Bond subsidy per unit amounts to \$101,514.

Preliminary Development Program

In September of 2019, the Housing Authority successfully applied to participate in the State’s Permanent Supportive Housing (PSH) Pilot program. The PSH program pairs intensive staff training about supportive housing with capital and services funding for the development of supportive housing units. In April 2020, the Webster Road project was awarded \$2.4MM in PSH capital funding and an annual services subsidy to support 12 units of Permanent Supportive Housing that will be reserved for disabled seniors with a history of homelessness. HACC is partnering with Home Forward to provide property management, resident services, case management and to coordinate the wrap-around services necessary to operate the facility under a permanent supportive housing model.

Design and programming best practices identified in PSH training combined with the onset of the coronavirus pandemic helped inform our redevelopment strategy. The pandemic highlighted the need for resident autonomy and self-sufficiency. The building, as originally designed, has shared half-bathrooms in between units and a bank of separate shower stalls. Meals were prepared in a commercial kitchen and provided in a communal dining hall. It is important to the Housing Authority that each resident has the ability to prepare food, bathe, and use the bathroom in their individual units. As redesigned, each unit will include a full private bathroom and a food prep area with a sink, fridge, and microwave. Common area amenities include a community kitchen, a dining hall, a community living room, a laundry room, a wellness room, an exam room and various meeting and conferences spaces. In addition, the site will include a landscaped courtyard and a community garden for resident use. The Webster Road project will consist of a single-story building of 27,009 square feet that opens to a central parking lot with 26 parking spaces.

Units will be outfitted with Energy Star appliances and light fixtures. Toilets and faucets will be low-flow to further reduce consumption. Durable materials will be used throughout.

Unit size (no. of bedrooms)	No. of units	AMI %	PBVs	Square feet/unit	Gross monthly rent/unit
SRO	8	30	Yes	242-244	\$362
Studio	40	30	Yes	270-380	\$483
Total	48				

*Building to pay for utilities

Project Image



Background

In April 2019, Metro Council approved funding authorization for HACC to acquire the 18000 Webster Road property as a “Phase 1” project. Eligible implementation jurisdictions for the Metro Housing Bond were invited to submit up to one “Phase 1” project for consideration prior to completion of a full Local Implementation Strategy.

In June of 2019, HACC acquired the property using Metro Affordable Housing Bonds. HACC is planning to close on construction financing in May 2021.

Location and Neighborhood

The Webster Road property is located in the heart of Clackamas County’s commercial and industrial corridor, approximately 10 miles south of Portland. A bus stop on Tri Met Line 31 is located adjacent to the property. This line provides direct access to the Oregon City Transit Center to the south and the Clackamas Town Center and the Max Green Line to the northeast. In addition, a bus stop for Line 32 is located about 50 yards from the property and provides direct access to downtown Milwaukie and the Orange Max line to the north and Clackamas Community College to the South. These two bus lines run every half hour from 6am to 8pm and provide direct access and connections to numerous health centers and hospitals, social services, employment centers, grocery and drug stores and open space. A Safeway grocery store is located less than a mile from the property and the Gladstone Nature Park is just 0.2 miles from the property. Interstate 205 is located one mile from the property and the commercial corridor along SE McLoughlin Boulevard is located less than 2 miles away and is easily accessible by car or bike.

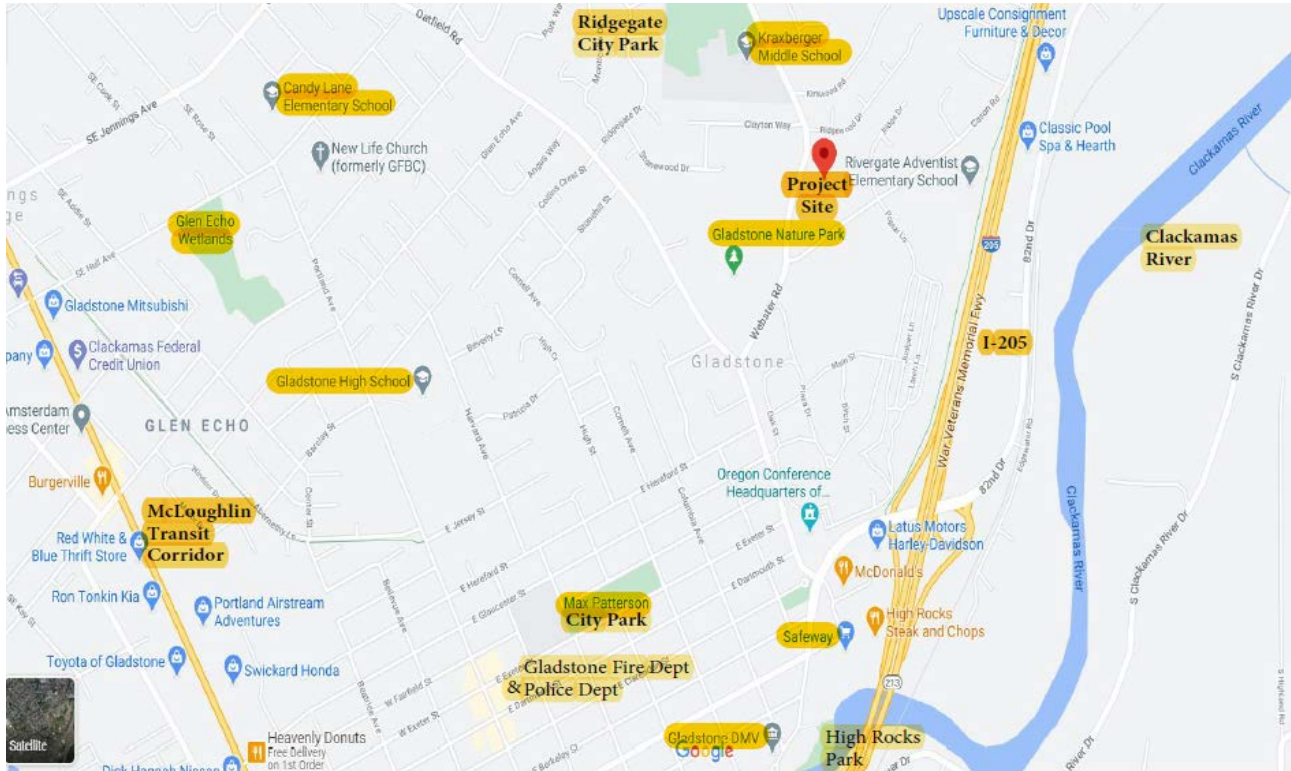
Transportation:

Northeast: Max Green Line; Clackamas Town Center
Northwest: Orange Max Line; Downtown Milwaukie
South: Oregon City Transit Center (Bus Line 31)
Southwest: Bus Stop Line 31; Bus Stop Line 32
West: SE McLoughlin Boulevard
East: I-205

Amenities:

Schools:
A. Elementary: John Wetten .8 miles

- B. Middle: Walter L Kraxberger .2 miles
- C. High School: Gladstone .8 miles
- Parks/Recreation:
 - A. Gladstone Nature Park .2 miles
 - B. Ridgeway City Park .4 miles
 - C. Nick Shannon Memorial Park .7 miles
 - D. Glen Echo Wetlands
- Grocery stores & medical services:
 - A. Safeway .8 miles
 - B. Gladstone Health Clinic 1.2 miles
 - C. Providence Willamette Falls Medical Center/Hospital 3.3 miles
- Public Services
 - A. Gladstone DMV 1 mile
 - B. Gladstone Fire & Police Department 1.2 miles



Site

Site Address: 18000 Webster Road, Gladstone, OR 97027; Clackamas County

Parcel Tax ID: 22E17DD00900

Parcel Tax Size: 2.21 acres/96,268 square feet

Site Control: Property purchased by Housing Authority of Clackamas County from Northwest Behavioral Healthcare Service, Inc., Derek Salway and Gladstone Properties LLC, Grantor.

Site Purchase Price: \$2,500,000

Land Appraised Value: \$1,160,000. Appraisal report completed by Colliers International on April 11, 2019.

Site Zoning: The property is zoned R-7.2, a low-density residential zoning district. Within the R-7.2 zoning district “Nursing Homes and Homes for the Aged” are an allowed Conditional Use. On May 19, 2020 the City of Gladstone Planning Commission approved HACC’s Authorization of Similar Use and Conditional Use application. (City of Gladstone Planning Decision File No: Z0071-20-C).

Existing buildings:

Year built: 1967

Past Use: Congregate care facility

Current Use: Vacant

Future Plans: Studio and SRO units providing long-term supportive housing.

Describe key findings from the Phase 1 environmental assessment and geotechnical report, and any follow up studies underway.

The Phase I ESA completed by PBS in February 2021 did not identify any issues of concern on the subject property or the adjoining or surrounding sites. This assessment has revealed no evidence of recognized environmental conditions (REC) in connection with the property.

The findings of the geotech report completed by PBS on January 29, 2020 indicate the site is sound for the proposed development. The recommendations in the report have been communicated with the architect, construction management team and general contractor and have been included in the project development work.

Describe the findings from your capital needs assessment and anticipated repair needs. Describe hazardous materials assessments and planned abatement needs. Describe seismic risk assessment findings and related investment needs.

The project scope includes site demolition, earthwork, extensive landscaping, and parking lot modifications; the full abatement of hazardous materials including removal of all asbestos-containing materials; replacement of antiquated building systems such as the plumbing and heating systems; electrical and lighting upgrades to improve performance and energy efficiency; building code and accessibility upgrades; envelope upgrades including new insulation, weatherproofing, windows, doors, and exterior cladding; interior upgrades including new flooring, wall and ceiling finishes, plumbing fixtures, and lighting; upgrades to residential units including the addition of full bathrooms in every unit and full kitchens or kitchenettes in most units; and renovation and redesign of common areas to best suit the proposed population.

Work in the public right-of-way will include replacing the sidewalk and drive pans along the Webster Rd street frontage to comply with ADA requirements, and potential street lighting upgrades pending a photometric assessment of the existing conditions.

The Capital Needs Assessment (CNA) was completed in December 2018 and offered the following findings:

- Potential life-safety and concerns (unit-entry doors lack closers; notification devices for fire-alarm systems in adequate; inspection and test of sprinkler heads recommended; electrical-distribution panels considered shock hazards)
- Parking and Paving (pavement needs to be seal coated and restriped; isolated areas of alligatored pavement should be full-depth repaired)
- Sidewalks and Pedestrian areas (single heaved section should be replaced along the front of the building; asphalt curbs do not meet ADAAG and should be replaced; replacing north elevation of the east wing; extensive replacement of patio concrete in east and north wings)
- Site and Drainage (no onsite storm-sewer system; downspouts lack boots; direct storm water away from west slope toward the west wing; overgrown landscaping; tree branches overhanging the roof; monument sign partially dismantled)
- Site Lighting and Security (10' pole-mounted incandescent fixtures appear to be severely rusted with fixtures missing or in a deteriorated condition; bollard fixtures along sidewalks appear fairly old; removal of barbed wire surrounding the sport court)
- Roof (questioning that the installation was performed per manufacturer's requirements; obtaining executed warranty, if not, obtaining comprehensive roof investigation)
- Exterior Walls (Areas of exterior wall have deteriorated/cupped; west wing base of wall is in contact with groundcover; sealants should be replaced at aggregate-face plywood-panel joints; replacement of siding and aggregate-faced-plywood panels should be considered)
- Windows (windows in poor condition and provide no significant insulation value)
- Doors (Main entrance serviceable; east wing entry doors should be replaced; most common area and unit doors need to be finished or replaced; door hardware should be replaced; entry doors should be replaced with conventional access-control system given that fire alarm unlocks door)
- Common Areas (VCT flooring in kitchen in poor condition; walls and plaster ceiling should all be repainted; community shower room finishes in poor condition; repair/replacement of the GWB at shower walls might be required; lighting and plumbing fixtures should be replaced; all other wall/ceiling finishes should be repainted)
- Unit Interiors – overall unsatisfactory (interior finishes and plumbing and electrical fixtures have been replaced in select units; condition of finishes and fixtures varies greatly and in serviceable to poor condition)
- Appliances/Equipment (commercial kitchen and laundry room reportedly operable)
- HVAC (given age and unknown condition of most equipment recommend replacement with new electric baseboard radiators; removing tamperproof covers and replacing all thermostats; no cooling in units)
- Corridor Ventilation (common corridors not heated/cooled; rooftop exhaust fans should be considered to replace)
- Common Area Rooms (given age and unknown condition of most equipment recommend replacement with new electric baseboard radiators; removing tamperproof covers and replacing all thermostats; no cooling in units; replace rooftop RTU)
- Plumbing (three water heaters should be replaced; replace storage tank; nine individual showers currently will not meet adequately needs of SRO residents; replace flush valves on toilet to residential tank toilets; recommend a mechanical engineer inspect and perform extent and condition of the galvanized-steel domestic water and waste-and-vent piping)
- Electrical (electrical-distribution panels considered shock hazards; suggest electrician inspect app electrical panels and panel wiring; extend electrical power to be extended to

all dwelling-unit toilet rooms and installing GFCO receptacles; fluorescent lights be replaced ; other lighting fixtures old, not energy efficient and not aesthetically pleasing)

- Fire-Protection and Light Safety (conduct a comprehensive inspection of all sprinkler heads; fire-protection-sprinkler vendor indicate how pipes and heads protected from freezing; fire alarm system has no horn/strobe devices provided)

Hazardous Material/Planned Abatement Needs

Seventy-eight samples of building materials, suspected of containing asbestos were tested; some materials were found to contain asbestos. The abatement is extensive and includes: (1) almost all of the interior ceiling texture, (2) the exterior stucco siding, (3) almost all of the flooring, (4) some sheetrock in the maintenance shop area, (5) pipe fittings/insulation throughout the building. Contractor selection for this scope will occur once the GMP pricing round is complete. The abatement/demo process should be approximately 14 weeks overall duration.

Paint was sampled for lead content for the sake of hazard communication; all samples tested below the limit of detection. PBS performed short term radon testing in eighteen first floor sample locations. All test results fell below the EPA recommended standard of 4.0 pCi/L. Approximately 400 four-foot mercury-filled lamps were identified; fluorescent mercury vapor light tubes are categorized as universal waste which should be carefully handled and disposed of appropriately.

Seismic Risk Assessment/Investment Needs

The seismic risk and evaluation was completed by GTG Consultants, PC on December 7, 2018.

The SUL and SEL values for the project are as follows:

Probability of Exceedance	MM I	SUL (90% confidence)	SEL (Mean)
10% in 50 years (475-year return period)	VII	8%	4%

An SUL or SEL in the range of 0% to 10% represents a low level of risk. Damage to finishes with no structural damage should be anticipated for this range of SUL and SEL. The structural stability of the building is expected to be maintained during the 475-year seismic event.

Project Financing

Sources		Uses	
Perm Loan	\$4,700,000	Acquisition	\$1,920,056
4% LIHTC Equity	\$6,445,788	Construction	\$11,412,631
Clackamas County HOME	\$400,000	Development Costs	\$1,744,727
METRO Bond Request	\$2,939,209	Developer Fee	\$2,750,000
PSH	\$2,400,000	Financing Costs	\$677,400
Deferred Development Fee	\$1,074,601	Construction Loan Interest	\$370,000
Seller Loan	\$1,244,264	Reserves	\$329,148
HACC Capital Contribution**	\$675,860	HACC Capital Contribution**	\$675,860
Total Sources	19,879,822	Total Uses	\$19,879,822

*The Housing Authority owned properties are is exempt from property tax

**HACC Capital Contribution to be returned to total Clackamas County Bond Allocation

Development Team

Position Name	Staff Person Name/Title or Contracted Firm Name
Owner/Developer/General Partner	Housing Authority of Clackamas County
Grant application writers	Devin Ellin, Housing Development Director, HACC Angel Sully, Housing Developer, HACC Bayley Knutson, Housing Developer, HACC
Development Consultants	Rick Rainone, PIC, Cornerstone Management Becca VandeWalle, Project Manager, Cornerstone Stephen McMurtrey, Principal, Dream Development LLC
Construction Manager	Walsh Construction
Property Manager	Home Forward
Asset and Compliance Manager	Joe Vennes, Asset Manager, HACC
Architect	Michelle Black, Carleton Hart Architecture
General Contractor	Dan Snow, Project Executive, Walsh Construction Aaron Elliot, Sr. Project Manager, Walsh Construction Natalya Kotova, Project Manager, Walsh Construction Drew Anderson, Superintendent Walsh Construction
Legal Consultant	Mark Kantor, Kantor Taylor
Resident Services	Home Forward

Community Engagement

1. Community Engagement #1 10/29/2019 – Carleton Hart Architecture/HACC
 - HACC described the overall vision for the project, including the anticipated residents of the project and how the facility will operate; Carleton Hart Architecture walked through all of the changes to the interior and exterior of the building and grounds that are anticipated; the presentation included display boards of the existing building and the anticipated changes. Community members weighed in on security measures including site lighting, parking, programming, and landscaping.
2. Community Engagement #2 1/29/2020 – Carleton Hart Architecture/HACC
 - HACC presented general project info; responses to questions/comments at the last meeting; introduce CHA who presented existing site plan, proposed site plan, proposed floor plan, and proposed exterior design the presentation included display boards of the existing building and the anticipated changes. Key feedback that influenced the final design and programming include the outdoor lighting plan, the on-site staffing plan (to provide 24hr on-site staff), and the landscape plan.
3. Community Engagement # 3 May TBD, 2021- WALSH/CHA/HACC/Home Forward
 - HACC is planning a final remote community engagement event to introduce the construction and property management team, update the community on the design and construction plans, discuss programming goals and community need, review construction schedule, answer questions, elicit community feedback about naming the building and groundbreaking ideas.
4. County-wide Community Outreach Activities
 - HACC, in partnership with Unite Oregon, conducted extensive community outreach during the development of our LIS. During the Listening phase, we received reminders

of the need for senior housing, housing accessible to high needs populations, and housing that is compliant with the American with Disabilities Act (ADA). This feedback informed the design, programming and target population of the Webster Road project. Not only will this project provide deeply affordable housing for seniors, it will serve some of the region's highest needs residents by providing wrap around supportive services and safe, accessible units.

- After the Support Housing Services measure passed, HACC partnered with the Coalition of Communities of Color to conduct a county-wide environmental scan. Feedback and reoccurring themes we heard from the community included:
 - Lack of culturally specific and appropriate services and information
 - Mistrust of government
 - Disproportionate issues with rental screening barriers
 - Barriers in accessing services:
 - implicit & explicit bias in coordinated housing access system intake, prioritization & service delivery
 - lack of coordination on entry into system
 - not enough options on ways to access system
 - Other equity issues
 - housing discrimination/fair housing issues
 - equity and trauma informed care, services and housing
 - institutional racism barriers

- HACC knows that community engagement does not end once construction starts. The most successful organizations and developments are continuously examining policies and practices in order to develop strategies for improvement and ongoing advancement. HACC has identified several ways to use this community feedback to inform and improve the Webster Road project, including:
 - strengthening commitments to low- or no-barrier screening policies,
 - conducting an equity analysis of the county's Coordinated Housing Access (CHA) to ensure equitable service delivery for prospective residents of developments like Webster Road that pull from the CHA waitlist,
 - building a county-wide network of culturally specific organizations and service providers that can better serve communities of color and other marginalized groups who reside at Webster Road, and
 - working with Home Forward to ensure they are actively soliciting feedback from culturally specific service providers and residents to ensure BIPOC communities are being reached and their needs are being met.

Advancing Racial Equity

In 2018, Clackamas County embarked on an ambitious look at a countywide Housing Needs Analysis (HNA). The study was contracted with ECONorthwest with the goal of developing an in-depth understanding of the housing needs in our county, as well as focusing on where we need to include additional resources to create opportunities and provide a lasting impact for residents that have been historically marginalized.

According to the HNA, 58% of the total households in Gladstone are considered low income with Median Family Incomes (MFI) of 80% and below. Nearly 20% of Gladstone households have a MFI of 30% and below.

About 63% of Gladstone’s renters are cost-burdened and 28% of them are severely cost-burdened, making Gladstone the most cost-burdened city in the Metro area. HUD describes families as being housing cost-burdened if they spend more than 30% of their income on housing, beyond which they may have difficulty affording necessities such as food, clothing, transportation, and medical care. The 2018 study, Priced Out: Rising Rent and Homelessness Across America, finds that communities where people spend more than 32% of their income on rent can expect a more rapid increase in homelessness. According to the Clackamas County 2019 point-in-time (PIT) homeless count, the leading cause of homelessness among those interviewed was the inability to afford rent.

The crisis of homelessness in Clackamas County is growing. As the population throughout the region continues to grow and market pressures coupled with low inventory prevail, those in our community that are most at-risk find few options available to transition from homelessness. The 2019 PIT showed a nine percent increase in the number of people identified as experiencing homelessness from 2017. Notably, there was a 54 percent increase in the number of people identified as Chronically Homeless and a 48 percent increase in the number of single adults from the 2017 count.

Currently, there are 228 households are currently on waitlists for Permanent Supportive Housing in Clackamas County and 139 households aged 50 and older are currently on the Coordinated Housing Access (CHA) waitlist.

People of color disproportionately experience homelessness in Clackamas County. According to the 2019 PIT homeless count, 4% of respondents identified as Native American/Alaska Native, despite representing only 0.7% of the total population. Since 2017, there was a near doubling of the number of Black or African American people surveyed, from 23 to 41. People identifying as Black or African American now make up 4% of those counted, while representing only 1.2% of the county’s total population.

The table below shows the distribution of race and ethnicity for individuals residing in Clackamas County overall compared with the distribution of race and ethnicity for individuals who were assessed through the CHA for 2017-2018. This data clearly shows that people of color who were assessed through the CHA line were over-represented compared with County census data overall.

	Race and ethnicity for individuals residing in Clackamas County	Race and ethnicity for individuals assessed through the CHA (2017-2018)
White	89.4%	76.0%
Black/African American	1.1%	6.4%
American Indian/Alaska Native	1.1%	5.0%
Asian	4.6%	0.9%
Native Hawaiian/Other Pacific Islander	0.3%	1.1%
Two or More Races	3.5%	6.8%
Hispanic/Latino	8.7%	11.2%

Source: American Community Survey (ACS) 2013-2017

There are numerous barriers that members of communities of color and other historically underserved communities encounter accessing permanent supportive housing. HACC is committed to working around or removing these barriers whenever possible. Currently, one of the biggest

barriers is the lack of supply of PSH units in Clackamas County. Webster Road will add 48 deeply affordable units to a cost-burdened community and provide the region's most underserved and diverse populations access to opportunity and supportive services focused on displacement prevention and housing retention.

Common screening practices disproportionately screen out communities of color creating a barrier to accessing housing. HACC has adopted a low-barrier screening criteria. HACC generally only screens out applicants for offenses that HUD requires us to – applicant subject to a lifetime registration requirement under a State sex offender registration program and applicants with any prior convictions for drug related criminal activity for manufacture or production of methamphetamine on the premises of federally assisted housing.

In coordination with Home Forward, HACC plans to:

- Engage targeted and/or marginalized communities, communities of color and service providers that work with those communities as part of our community engagement and leasing process
- Create an inclusive tenant screening criteria process, minimizing barriers to housing experience by communities of color;
- Provide culturally specific resources and services.

HACC's goal is to achieve at least 20% COBID certified subcontractor participation and 20% COBID certified professional services participation in the development of Webster Road.

Partnerships and Services

HACC has partnered with Home Forward to provide property management, resident services, and case management. In collaboration with the Supportive Housing Services Program, HACC is working on building a network of culturally specific organizations and service providers to help ensure that the programming is culturally aligned to meet the needs of future residents.

Anticipated Timeline

April 2021

- Metro Final Approval
- Final Construction Pricing (GMP)

May 2021

- OHCS Finance Committee
- 3rd Community Engagement Event
- Final Approval from HACC Board
- Metro Disbursement Approval

June 2021

- Housing Stability Council
- Construction Closing
- Construction Commences

February 2022

- Marketing and Outreach Commences

June 2022

- Construction Complete
- Lease up Commences