

# METRO HOUSING BOND QUARTERLY REPORT | JANUARY-MARCH 2021

May 3, 2021

*This is the first quarterly progress report for the Metro Affordable Housing Bond of 2021. A similar report will be 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.*

## LOCAL IMPLEMENTATION STRATEGIES & INTERGOVERNMENTAL AGREEMENTS (IGA)

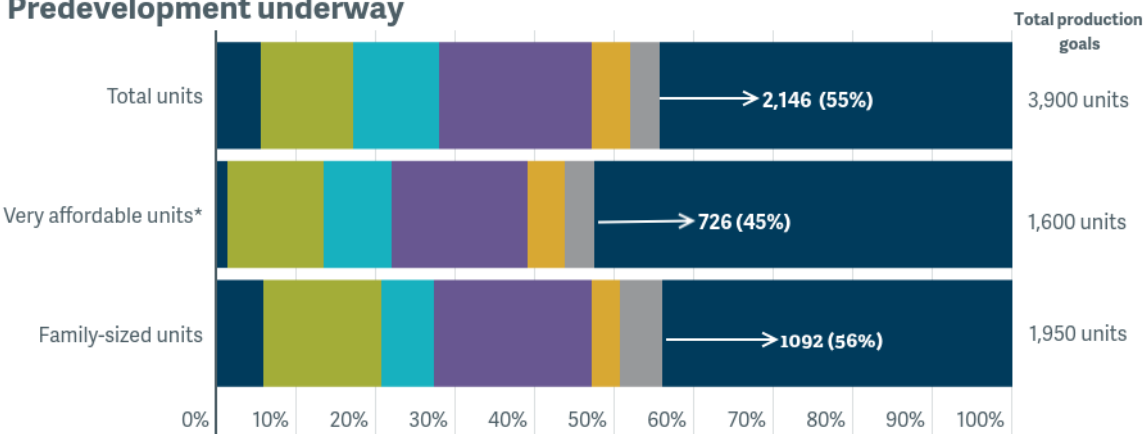
Metro's IGA with Home Forward was approved by Metro Council in March. This milestone marks a point at which all seven implementing jurisdictions have executed their local implementation strategies and intergovernmental agreements with Metro.

## PROJECTS UNDERWAY

As of the end of March 2021, fourteen projects have received a Metro concept endorsement and are in predevelopment, and seven projects have received final approval and are under construction. Collectively, these projects represent 2,146 new affordable homes, or 55% of the total production target for the Housing Bond, while using up approximately 35% of funding. Of the homes created, 1,092 will have two or more bedrooms, representing 56% of the Housing Bond's target for family-sized homes; and 726 will be affordable to households with incomes at or below 30% of area median income (AMI), representing 45% of the Housing Bond's target for deeply affordable homes.

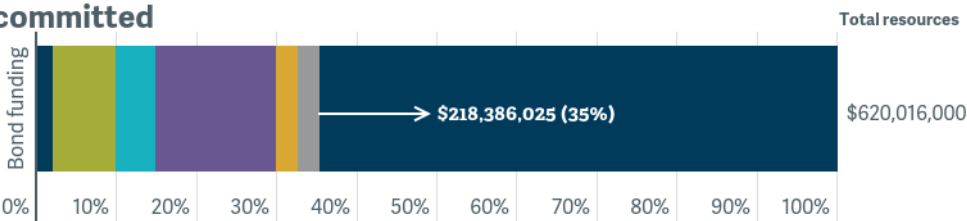
Production and funding dashboard

Predevelopment underway



\*refers to households at 30% Area Median Income (AMI)

Resources committed



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



## LOCAL SOLICITATIONS AND PROJECT SELECTION

In addition to the above projects, Metro provided concept endorsement of the Baldwin PSH apartments, submitted by the Portland Housing Bureau (PHB), and final approval for the Webster Road redevelopment project, submitted by the Housing Authority of Clackamas County on April 19th. Staff are also currently reviewing two projects submitted by the Housing Authority of Washington County, the Saltzman Road project for concept endorsement and The Valfre at Avenida 26 (formerly known as Forest Grove Family Housing) for final approval. Collectively, the two new concept endorsement projects are expected to represent 113 units.

Local project selection processes underway or coming soon include:

- **Portland Request for Qualifications for Permanent Supportive Housing:** The Portland Housing Bureau (PHB) released a Request for Qualifications (RFQ) in October 2020 to solicit proposals for up to \$15 million in Metro bond funds for development teams working to create Permanent Supportive Housing (PSH) for Black, Indigenous and People of Color (BIPOC) households. Six project team applicants were submitted and based on the prioritization of the experience and qualifications of project teams in developing, managing and supporting Supportive Housing for BIPOC households, PHB selected four projects to receive conditional award letters. These four projects will produce approximately 228 total units, 25 family-sized units, 114 units for households at 30% AMI, and 112 supportive housing units. On April, the Baldwin PSH Apartments, received concept endorsement from Metro and PHB expects to request concept endorsement for the other three projects by end of the year.
- **Portland's upcoming Metro Bond Solicitation:** PHB released a Metro Bond Opportunity Solicitation on April 30, 2021. The solicitation includes \$75 million in Metro Housing Bond funds and \$5.5 million in Central Eastside Tax Increment Financing (TIF) funds. PHB expects this solicitation to result in the construction of 5 to 8 projects, intended to produce between 525 to 575 units. Metro's 74th and Glisan site was acquired in December 2019 by Metro's Transit-Oriented Development Program and is included in PHB's Metro Bond Opportunity Solicitation (M-BOS). Metro's Site Acquisition Program will contribute \$11.5 million in project gap funding in addition to Portland's contribution of Metro Bond funds.
- **City of Beaverton:** Metro and the City of Beaverton issued a Request for Qualifications for the Elmonica site on November 2, 2020. Eight proposals were received by January 15, 2021. Metro and City of Beaverton staff reviewed proposals and forwarded comments to a 5-member Community Selection Committee (CSC). On March 19, 2021 the CSC made their developer recommendation. This recommendation is currently going through the approval process with the City of Beaverton and Metro. The concept endorsement for Elmonica is expected in June.
- **Clackamas County:** The Webster Road redevelopment project received final approval from Metro on April 19, 2021, groundbreaking is anticipated for late June/early July.

- **City of Gresham:** The Albertina Kerr development team hosted a virtual groundbreaking on February 17<sup>th</sup>, 2021. The project will produce 147 units, 31 family-sized units and 30 units for households at 30% AMI.
- **Hillsboro:** The City is expecting to request final approval for the Nueva Esperanza project by August/September 2021.

# METRO AFFORDABLE HOUSING BOND

Financial Report Through March 2021

## FINANCIAL SUMMARY

|  |                      |
|--|----------------------|
| <b>TOTAL REVENUE:</b>                    | <b>\$678,850,838</b> |
| <b>TOTAL EXPENSES and DISBURSEMENTS:</b> | <b>\$52,830,404</b>  |
| <b>TOTAL COMMITTED:</b>                  | <b>\$180,399,450</b> |
| <b>TOTAL FUNDING AVAILABLE</b>           | <b>\$445,620,984</b> |

## REVENUE

|                       | <b>FY 2018 - 2019</b> | <b>FY 2019 - 2020</b> | <b>FY 2020-21</b>  | <b>TOTAL REVENUE</b> |
|-----------------------|-----------------------|-----------------------|--------------------|----------------------|
| Bond Proceeds         | \$652,800,000         |                       |                    | \$652,800,000        |
| Premiums on Bonds     | \$2,630,335           |                       |                    | \$2,630,335          |
| Interest Earnings     | \$250,129             | \$15,809,567          | \$7,360,807        | \$23,420,503         |
| <b>TOTAL REVENUE:</b> | <b>\$655,680,464</b>  | <b>\$15,809,567</b>   | <b>\$7,360,807</b> | <b>\$678,850,838</b> |

<- "Premiums on Bond" & "Interest Earnings" not included in Work Plan Funding = \$26,050,838

## EXPENSES

| PROJECTS  | FY2018-2019<br>Expended or<br>Disbursed | FY2019-2020<br>Expended or<br>Disbursed | FY 2020-2021<br>Expended or<br>Disbursed | Committed --<br>Not Yet<br>Disbursed | TOTAL EXPENDED,<br>DISBURSED or<br>COMMITTED | WORK PLAN<br>FUNDING  | % of Work Plan<br>Funding<br>Expended,<br>Disbursed or<br>Committed |
|---|---|---|--|--------------------------------------|--|-----------------------|---|
| <b>Jurisdiction:</b>                                      |   |   |  |                                      |  |                       |   |
| Beaverton   | \$0                                     | \$3,000,000                             |  | \$9,000,000                          | \$12,000,000                                 | \$ 31,140,595         | 38.53%  |
| Clackamas County  | \$2,609,333                             | \$0                                     | \$8,570,000                              | \$37,172,209                         | \$48,351,542                                 | \$ 116,188,094        | 41.61%  |
| Gresham   | \$0                                     | \$0                                     | \$11,189,475                             | \$5,125,030                          | \$16,314,505                                 | \$ 26,756,995         | 60.97%  |
| Hillsboro   | \$0                                     | \$0                                     |  | \$16,940,731                         | \$16,940,731                                 | \$ 40,657,081         | 41.67%  |
| Home Forward (East Multnomah Co.)*                        | \$0                                     | \$0                                     |  |                                      |  | \$ 15,879,123         | 0.00%   |
| Portland*   | \$0                                     | \$0                                     | \$3,684,394                              | \$27,410,240                         | \$31,094,634                                 | \$ 211,056,579        | 14.73%  |
| 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                               | \$64,288                                 |                                      | \$220,396                                    | \$ 62,016,000         | 0.36%   |
| <b>TOTAL ACTUAL &amp; COMMITTED<br/>PROJECT EXPENSES:</b> | <b>\$2,609,333</b>                      | <b>\$3,156,108</b>                      | <b>\$40,741,157</b>                      | <b>\$180,399,450</b>                 | <b>\$226,906,048</b>                         | <b>\$ 620,160,000</b> | <b>36.59%</b>   |

\*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<br>Expended or<br>Disbursed | FY2019-2020<br>Expended or<br>Disbursed | FY 2020-2021<br>Expended or<br>Disbursed | TOTAL EXPENDED<br>or DISBURSED | WORK PLAN<br>FUNDING | % of Work Plan<br>Funding<br>Expended or<br>Disbursed |
|--|---|---|--|--------------------------------|----------------------|---|
| <b>Jurisdiction:</b>   |   |   |  |                                |                      |   |
| 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         | 28.62%  |
| Ongoing Financial Management Costs                               | \$26,048                                | \$207,178                               | \$112,479                                | \$345,705                      |                      |   |
| Accountability, Oversight & Indirect                             | \$26,695                                | \$743,020                               | \$753,555                                | \$1,523,270                    |                      |   |
| Reserved for Future Allocations                                  |   |   |  |                                | \$6,528,000          | 0.00%   |
| <b>TOTAL ACTUAL &amp; COMMITTED<br/>ADMINISTRATIVE EXPENSES:</b> | <b>\$2,153,236</b>                      | <b>\$2,214,497</b>                      | <b>\$1,956,073</b>                       | <b>\$6,323,806</b>             | <b>\$32,640,000</b>  | <b>19.37%</b>   |

\*\* 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.*

| <b>Project</b> | <b>Approval/endorsement</b> |
|----------------|-----------------------------|
| Rockwood 10    | Final approval              |
| Aloha Inn      | Concept endorsement         |

## Metro Affordable Housing Bond Program

### Concept Endorsement and Final Approval

**Project Name:** Rockwood 10

**Implementing Jurisdiction:** Gresham

**Metro IGA Contract Number:** 936778

**Construction start:** January 2020

**Anticipated construction completion:** February 2022

**Action:**

Metro hereby provides Gresham with Concept Endorsement and Final Approval of \$5,152,030 in Metro Affordable Housing Bond funds for the development of Rockwood 10 a regulated affordable housing project located at 740 SE 182<sup>nd</sup> Avenue, Gresham. Metro staff findings are attached in Exhibit A, and a more detailed description of the Project, as provided by the Gresham, is attached as Exhibit B.

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

|    |               | AMI Level | Project Based Vouchers |
|----|---------------|-----------|------------------------|
| 8  | One-bedroom   | 30%       | 0                      |
| 12 | Two-bedroom   | 30%       | 0                      |
| 23 | Three-bedroom | 30%       | 0                      |
| 4  | Four-bedroom  | 30%       | 0                      |

Changes to the information contained in the final approval request provided by Gresham 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 Beaverton, 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 Gresham including wiring or other instructions related to transfer of funds.



Marissa Madrigal

Chief Operating Officer

2/02/2021

Date



## **Exhibit A: Metro staff findings and recommendations | Concept endorsement request for Rockwood 10**



Drafted by: Emily Lieb, Housing Bond Program Manager; Valeria McWilliams, Housing Bond Program Analyst, Metro  
Date: February 1, 2021

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### **Criteria for funding approval**

Metro will issue Concept Endorsement and Final Approval 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.

### **Contribution to unit production targets**

Rockwood 10 is unique among the Metro Housing Bond pipeline in that it was submitted to Metro for funding while already under construction. For this reason, staff determined that the project would only be eligible for Metro bond funds for a subset of units that would be made more affordable than initially planned.

Rockwood 10 includes a total of 187 regulated affordable units, of which 47 units will be regulated at 30% AMI and counted toward Metro's unit production targets. It is worth noting that the units targeted for deeper affordability include a mix of unit sizes from one- to four-bedroom units.

Rockwood 10 will utilize 19% of Gresham's total allocation of bond funds while delivering 47 units that meet the following unit production outcomes:

- 25% of Gresham's overall unit production target;
- 61% of Gresham's target of units affordable to households making 30% or less of area median income (AMI); and
- 42% of Gresham's family sized unit target.

When combining Rockwood 10 and Albertina Kerr, the City is on a path to have utilized 65% of total allocation of bond funds while delivering on the following cumulative unit production outcomes:

- 104% of Gresham's overall unit production target;
- 100% of Gresham's target of units affordable to households making 30% or less of area median income (AMI); and
- 75% of Gresham's family sized unit target.

### **Eligibility and readiness to proceed**

As noted above, the project has been under construction since January 2020. For this reason, staff have determined that the project should only be eligible for Metro bond funding at a level that can

be justified as necessary to cover costs specifically associated with converting units initially planned to be regulated at 60% AMI to 30% AMI. Determining the appropriate bond contribution required more analysis than has been conducted for other projects, as well as ongoing discussion between Metro, Gresham staff, and the project sponsors, over the past several months. As a result of lessons learned in this process, Metro plans to advise other jurisdictions that projects that are already under construction will not be eligible for bond funding moving forward.

The Metro bond contribution for Rockwood 10 was determined based on an analysis of the reduction in the permanent loan, funding for additional resident services to support households in the deeply affordable units, additional costs to ensure that the project could meet the 20% equitable contracting goal in Gresham's local implementation strategy, and additional contingency funding to address budget uncertainties and risks.

The City of Gresham has submitted and Metro staff has reviewed and evaluated the following documentation for evidence of project feasibility and readiness to proceed:

- A warranty deed providing evidence of site control, dated 8/30/2019
- A site and zoning certification by City of Gresham that development is consistent with zoning and land use regulations, dated 02/28/2018
- A proforma dated 1/11/21, and an updated sources and uses budget dated 1/31/21
- Development team resumes and developer schedule of real estate owned, demonstrating track record with affordable housing development in Oregon and California

### **Advancing racial equity**

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

#### **Location:**

This site is within Gresham's Rockwood Town Center zone and across the street from Rockwood Triangle Area that is the center of Rockwood's cultural and social hub. The Triangle Area is a community of residential and smaller scale services in a walkable, pedestrian-oriented environment with integrated open spaces. This site will also be set around City of Gresham's newest public park.

#### **Transit access:**

Rockwood 10 is within a ¼ mile from the Burnside Max station and within 1/3 miles from the nearest TriMet bus line. As part of the development, the developer will extend SE 185th right-of-way (road and sidewalk) from the north end of the property through the site connecting to Yamhill Street.

#### **Diversity in contracting/hiring:**

Gresham's LIS established an MWESB target of 20% and requires that all organizations funded submit a "solicitation plan for subcontracting, with supports for access, opportunity, and education." Rockwood 10 has established a commitment to achieve 20% MWESB participation, and provided an interim MWESB report demonstrating that the project is on track to achieve the 20% goal.

While percentage of hard costs awarded to MWESB firms is the primary metric being tracked for all Metro bond projects, the project has also reported 62% MWESB participation on soft costs as of

September 23. Gresham staff further highlighted the project's utilization of local East County contractors, such as Gresham Roofing and Zochert Fencing, consistent with Gresham's LIS and city policy to "buy local" to support East County businesses.

**Access for historically marginalized communities:**

Community Development Partners and Hacienda CDC have begun developing a marketing plan targeting the variety of social services/educational/public health/recreational and other community groups to inform them about the housing opportunity. The sponsors have also begun building a coalition of residents and service organizations in East Multnomah County and Gresham. Hacienda Resident Services staff will work closely with the property management firm to provide culturally specific language services and establish low-barrier screening criteria which allows for some flexibility in the application decision. Residents with prior evictions for non-payment of rent will be given options on how to mitigate their past rental history. Options include payment of a security deposit, agreement to participate in financial fitness training, participation in case management services or other support services, depending upon the barriers identified for the family and an evaluation of the applicant's eligibility to obtain any public assistance.

**Culturally appropriate services:**

Hacienda CDC will employ a bilingual (English/Spanish) Resident Advocate (RA) who will work closely with property management staff and train them on assertive engagement with residents, trauma informed communication and culturally sensitive lease enforcement. The Resident Services Advocate will also conduct site visits with tenants and help identify their needs, which may include access to a food pantry, rental assistance, assistance with housekeeping or public/behavioral healthcare. The RA will work with tenants to ensure successful tenancy, mitigate risk and prevent eviction. Language accessibility is also at the core of Hacienda CDC's work with tenants, besides applicable spoken language, Hacienda provides all program documents in English and Spanish. Hacienda also has relationships with both Linguava and IRCO's Language Bank which they use quite frequently for individual communication needs or simultaneous translation at community meetings and workshops when a resident speaks a language other than English or Spanish. The Resident Services team is also fully trained in best practices in trauma-informed care and coaching. The entire Development and Resident Services team also recently completed CSH's Permanent Supportive Housing training and learned the basics of the Housing First model.

**Community engagement to inform project implementation**

Metro staff have reviewed the narrative to confirm consistency with the community engagement elements of Gresham'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:**

The engagement for this project, though extensive, took place before Metro's racial equity metrics for community engagement were created. Consequently, demographics of those who participated in engagement were not collected, nor were specific activities engaging oppressed communities documented. However, CDP and Hacienda show a strong record of engagement practices and cultural responsiveness. Partnerships with organizations such as Pueblo Unido helped reach BIPOC communities. With the project now under construction, current engagement efforts are using new partnerships with El Programa Hispano, Rosewood Initiative, Pueblo Unido, Meso and Boys and Girls Club to reach marginalized community members.

Language access and culturally specific engagement are clearly priorities. Barriers to participation are mitigated with food, childcare, language access and gift cards. Partnerships with community organizations have strengthened and broadened engagement for this project.

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

Themes from community engagement efforts that have helped shape the project include:

- Need for more family sized units with a range of income levels
- Extension of SE 185th through the site and creation of neighborhood greenway
- Community center
- Need for publicly accessible common space resulted in park and green sports lawn open to the public
- Need for safer pedestrian/bicycle connections resulted in signs, pavement markings, improved crosswalks, traffic calming devices, green infrastructure
- Resident services provided by Hacienda

Engagement also resulted in a Good Neighbor Agreement, and the creation of public art murals whose artists will be selected with a priority on local artists that express the diverse perspectives and creativity of Rockwood. Finally, community involvement helped select the project's name, via online and printed survey as well as email outreach, and a video featuring community members will document the naming process.

## EXHIBIT B: Project summary submitted by The City of Gresham | Metro bond final endorsement for Rockwood 10

Submitted by: Jessica Woodruff, Director of Development  
Community Development Partners, jessica@communitydevpartners.com  
Submitted on: January 31, 2021

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### Project Overview

The vision of Rockwood 10 is to create a world-class site plan and model workforce housing community that includes a privately funded public park with robust programming to provide services, social engagement, and economic mobility opportunities to residents and the community at large.

Rockwood 10 is a five-building workforce housing project located in the heart of the Rockwood neighborhood in Gresham, Oregon. As the diverse Rockwood population continues to increase, the supply of high quality and attainable housing becomes even more scarce. While Rockwood 10 will be the largest new housing community in the Rockwood neighborhood of Gresham with its 224 units, Rockwood 10 is still just a small reprieve to this housing crisis. This project is designed to not only meet the needs of the general workforce community, but also of the population demographic that tends to be larger families. This site includes five, 4-story buildings, plus a stand-alone community building. All units are a mix of 1-, 2-, 3-, and 4- bedrooms. 64% of the units for this project are comprised of larger units to meet the needs of larger family sizes.

To promote health, education, and social activities, the community building includes a large gathering space with full kitchen for events and social interaction, a business/computer room, and study/conference rooms of varying capacity to suit many needs. To foster outdoor activities, the project provides flexible outdoor spaces that include an outdoor playfield, meandering walking paths, picnic areas, a playground area, and a large community garden area. Pedestrian paths that can be used as an exercise track provide connection between the Rockwood 10 community and the adjacent school and other local amenities. A new street that bisects the property will provide residents with direct access to public transportation, major retail, and services along the major arterial streets. To complete this community, CDP partnered with Hacienda CDC, Oregon's largest Latino-led, Latino-serving housing organization, as a Co -Developer and Co-General Partner to own and operate the property together with CDP and to provide its invaluable resident services programming.

#### High level financing structure:

|                           |              |
|---------------------------|--------------|
| 4% LIHTC Equity           | \$23,936,344 |
| OHCS Weatherization Funds | \$318,000    |
| 4% Gap Funds              | \$4,032,000  |
| Perm Loan                 | \$27,000,000 |
| Deferred Development Fee  | \$5,503,886  |
| Gresham Metro Bond        | \$5,152,030  |
|                           | <hr/>        |
|                           | \$65,942,260 |

## Preliminary Development Program

The site design, developed by a world-class design team led by Waechter Architecture and PLACE Landscape Architecture and Planning, will support a series of amenities within a park-like setting, including the preservation of a grove of existing mature Douglas Fir trees. Site amenities include community garden space, walking paths, a food truck plaza, community-informed public art, children's play areas, public community center complete with a kitchen area for events and classes, 261 bike parking spaces including a bike shop, and 254 parking spaces.

These amenities support 224 affordable housing units including: 47 one-bedrooms at 600 sq. ft.; 74 two-bedrooms at 800 sq. ft.; 89 three-bedrooms at 1,000 sq. ft.; and 14 four-bedrooms at 1,250 sq. ft. Total residential unit square footage is 193,900 sq. ft. Total building square footage is 238,444 sq. ft.

*Complete the below table summarizing unit breakdown. Add/delete rows as needed.*

| Unit size (no. of bedrooms) | No. of units | AMI % | PBVs | Square feet/unit | Gross monthly rent/unit |
|-----------------------------|--------------|-------|------|------------------|-------------------------|
| 1                           | 8            | 30    |      | 600              | \$518                   |
| 1                           | 29           | 60    |      | 600              | \$1,036                 |
| 1                           | 10           | 70    |      | 600              | \$1,209                 |
| 2                           | 12           | 30    |      | 800              | \$621                   |
| 2                           | 41           | 60    |      | 800              | \$1,243                 |
| 2                           | 21           | 70    |      | 800              | \$1,450                 |
| 3                           | 23           | 30    |      | 1,000            | \$718                   |
| 3                           | 25           | 60    |      | 1,000            | \$1,437                 |
| 3                           | 41           | 70    |      | 1,000            | \$1,676                 |
| 4                           | 4            | 30    |      | 1,250            | \$801                   |
| 4                           | 10           | 70    |      | 1,250            | \$1,870                 |
| Total                       | 224          |       |      |                  |                         |

## Background

Through one year of extensive community engagement and planning that resulted in Gresham Design Commission approval in 2019, the project has always been envisioned as a project by and for the community of Rockwood. The site was selected due to its proximity to mass transit and services in the heart of a neighborhood that expressed its need for family sized affordable apartments.

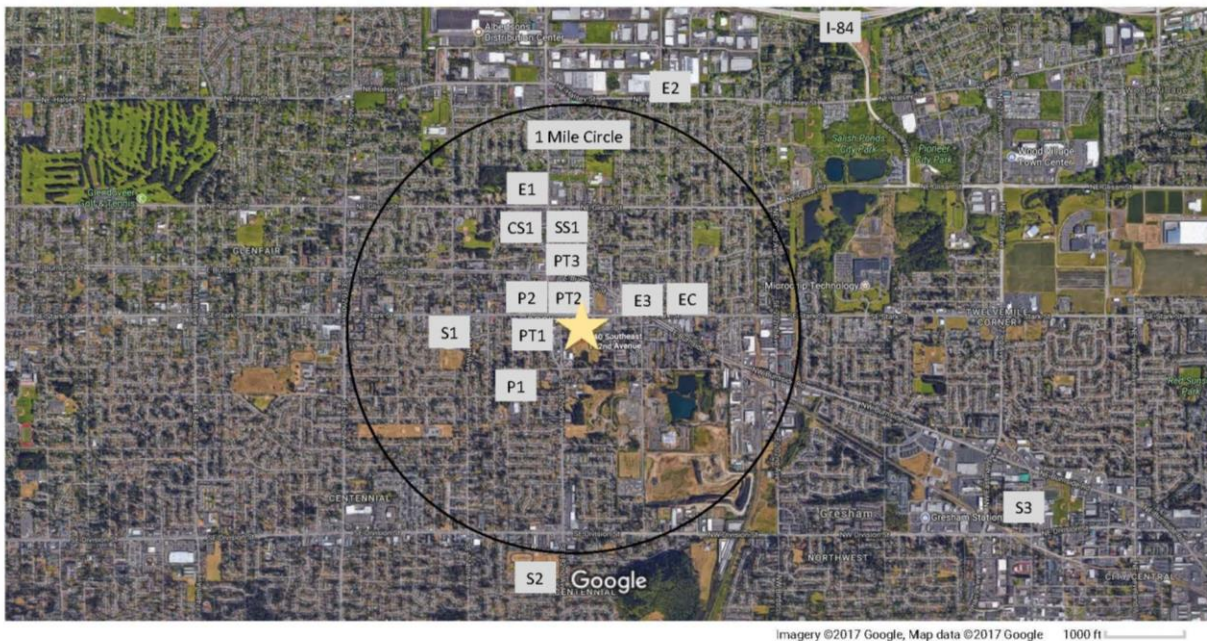
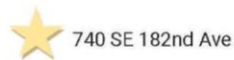
All due diligence work and predevelopment is complete and funding from OHCS secured. OHCS awarded the project GHAP funds in mid-2018. Paired with conduit bond financing and 4% Low Income Housing Tax Credits, the project was able to move forward to closing. At closing, we were not able to include 30% AMI units, creating a gap that we recognized would affect the Rockwood community. With implementation of the Metro bond funds, the project will now be able to offer 47 units at 30% AMI across bedroom types. By providing homes for households at extremely low incomes, Rockwood 10 is truly responding to the needs of the community and creating a world class development of mixed incomes.

## Location and Neighborhood



Rockwood 10 is within a ¼ mile from the Burnside Max station and within 1/3 miles from the nearest TriMet bus line. As part of the development, we will extend SE 185th right-of-way (road and sidewalk) from the north end of the property through the site connecting to Yamhill Street. In addition, this site is within the Rockwood Town Center zone and across the street from Rockwood Triangle Area that is the center of Rockwood’s cultural and social hub. The Triangle Area is a true community of residential and smaller scale services in a walkable, pedestrian-oriented environment with integrated open spaces.

*Provide an aerial map with key transit and amenity features labeled, along with the site location.*



| Source                            | Type                           | Distance from Project | Comments                                  |
|-----------------------------------|--------------------------------|-----------------------|---|
| Commercial Services               | Grocery                        | .6 Miles              | Albertsons – CS1                          |
| Employment Centers                | Employment                     | .8 Miles              | Work Source Portland Metro – East - EC    |
| Public Transportation             | Bus Stop                       | .1 Mile               | TriMet Bus #20, 25 – PT1                  |
|                                   | Bus Stop                       | .2 Mile               | TriMet Bus #87 – PT2                      |
|                                   | MAX Station                    | .4 Miles              | MAX E 181 <sup>st</sup> Ave Station – PT3 |
| Schools                           | Elementary                     | .7 Mile               | Alder Elementary School – S1              |
|                                   | Middle/Jr. High                | 1.5 Miles             | Centennial Middle School – S2             |
|                                   | High                           | 2.6 Mile              | Gresham High School – S3                  |
| Parks and Open Space              | Recreational Facility - Park   | .6 Mile               | Rockwood Central Park – P1                |
| Recreation/Cultural opportunities | Cultural Opportunity – Library | .4 Mile               | Multnomah County Library Rockwood – P2    |

|                    |                   |           |                                      |
|--------------------|-------------------|-----------|--------------------------------------|
| Social Services    | Social Service    | .5 Miles  | Meals on Wheels – SS1                |
| Emergency Services | Police Station    | .7 Miles  | Rockwood Police Department – E1      |
|                    | Fire Station      | 1.7 Miles | Gresham Fire Station – E2            |
|                    | Emergency Medical | .4 Miles  | Adventist Health Urgent Care – E3    |
|                    | Hospital          | 4.7 Miles | Adventist Health Medical Center – E4 |

## Site

The site is 7.4 acres all within one tax lot. CDP and Hacienda CDC have ownership of the site. The site was fallow land when purchased, containing no existing buildings. The plans for the development include 224 units in five residential buildings and one public community center. The site will also include community garden space, walking paths, a food truck plaza, community-informed public art, children's play areas, public community center complete with a kitchen area for events and classes, 261 bike parking spaces including a bike shop, and 254 parking spaces.

Our Phase I, Phase II and Geotechnical reports are included in this submission. The team followed all recommendations in the reports prior to construction start. The investor and lenders consultants did a thorough environmental review prior to construction start and found our due diligence and construction plans in alignment with the recommendations.

## Project Financing

Total Development Cost: \$65,942,260

Cost per Unit: \$294,385

Cost per Gross Square Foot: \$276.55

### Sources:

|                              |                          |
|------------------------------|--------------------------|
| 4% LIHTC (Equity – Key Bank) | \$23,936,344 (Committed) |
| OHCS Weatherization          | \$318,000 (Committed)    |
| OHCS GHAP Funds              | \$4,032,000 (Committed)  |
| Permanent Loan (Freddie Mac) | \$27,000,000 (Committed) |
| Deferred Development Fee     | \$5,503,886 (Committed)  |
| Gresham Metro Bond           | \$5,152,030 (In Process) |
| <b>Total Sources</b>         | <b>\$65,942,260</b>      |

### Uses:

|                    |                     |
|--------------------|---------------------|
| Acquisition Costs  | \$3,284,633         |
| Construction Costs | \$43,310,039        |
| Development Costs  | \$19,347,588        |
| <b>Total Uses</b>  | <b>\$65,942,260</b> |

SDC waivers, property tax abatement, density bonus, and reduced parking are not available local incentives for this project.

## Development Team

Community Development Partners (CDP), Hacienda CDC, and our design and construction team members are fully capable of developing, constructing, and managing Rockwood 10 through to a



successful lease-up and operations for years to come. With nearly 3,000 affordable housing units completed between us, CDP and Hacienda are well-versed in the development of this project type and with this finance structure. CDP's team of finance and construction management staff will lead the development team comprising of: Hacienda CDC, LMC Construction, Waechter Architecture, PLACE Landscape Architecture + Planning, and Portland State University's Center for Public Interest Design (CPID).

We are excited to present our team to you. CDP develops affordable housing with a focus on long term community engagement. Combined with Hacienda's expertise in delivering culturally specific programming for Latino, immigrant and communities of color, our team will add diverse and targeted programs unique to this project, its residents, and the surrounding community. Waechter and CPID, and PLACE will continue pushing forward the innovative asset-based community development (ABCD), site design, and building design, while LMC Construction will navigate construction costs and incorporate construction efficiencies.

LMC Construction recently completed the Cascadian Terrace project for CDP, a 103-unit project in Multnomah County. CPID also partnered on Cascadian Terrace where they provided community engagement and outreach to create a design in harmony with the community and its residents. LMC has built over 4,600 apartment units of all project and construction types. Hacienda has developed and maintained over 400 units of affordable housing, where approximately 70% of their residents are Latino. With Hacienda's services and affirmative outreach, we will be able to reach out to a wider network of the Latino population.

To date, site control is already in place in the form of a deed and construction underway. The team does not see any significant potential barriers for this project. The team has reached out to the City of Gresham during the design and construction process and has reviewed the City's Housing Needs Analysis, which outlines the need for additional affordable housing. The zoning allows our proposed use, entitlements are in place. The proforma has been thoroughly vetted internally and through our development and financing partners, the Asset Based Community Development and Design work are underway, and we have sufficient staffing to successfully execute our project.

## **COMMUNITY DEVELOPMENT PARTNERS**

Community Development Partners' (CDP) mission is to develop and operate sustainable, life-enhancing affordable housing with a focus on long-term community engagement. CDP's industry leading, multi-disciplinary team is comprised of real estate development experts who bring diverse backgrounds in affordable, mixed-use and market-rate development. Collectively, the development team has over 60 years of experience working with cities and public agencies to bring new investment into existing neighborhoods. In the relatively short time since the company was formed, CDP has successfully built a portfolio of 24 unique communities comprising over 2,000 units and \$450 million in total development costs.

CDP is a mission-driven Certified B Corporation. B-Corps (or benefit corporations) are a legally recognized entity structure that balances purpose and profit to benefit society.

## **AREAS OF EXPERTISE**

Housing - Providing affordable housing that serves the whole person with exceptional design community engagement, and supportive resident services. While CDP is not organized as a 501(c)(3), we are a mission driven organization and the B-Corps certification is a reflection of our values and commitment. CDP is very focused on post-development lifecycle of each of our communities, believing that the greatest opportunity to impact our resident's lives is through resident services and engagement.

Affordable Housing Finance - Since 2012, CDP has successfully built and preserved a portfolio of 24 unique projects using Low-Income Housing Tax Credits (LIHTC) comprising over 2,000 units and \$485 million in total development costs. We were named a national Top 50 Affordable Housing Developer by Affordable Housing Finance for the third time in 2019. We strive to use affordable housing finance tools effectively to build and preserve more housing in our service areas. In 2019, CDP used new tools available including Income Averaging and Opportunity Zones for 100% affordable housing projects. CDP and Hacienda CDC recently received concept endorsements from Clackamas County and Metro for our Maple Lane project in Oregon City.

Ecology & Arts - Our roots in ecology drive both our design decisions and our long-term programming. Through thoughtful design we are striving to integrate sustainability in meaningful ways. Hands-on education and access to fresh, local food are key ways we strive to improve the health of our communities. Art is a critical component of well-being and CDP is a firm believer in the value it provides to our residents. We support the arts community and we partner with creators to bring public art installations, ongoing lifelong learning classes, and cultural richness to our developments.

## **HACIENDA COMMUNITY DEVELOPMENT CORP.**

From its inception in 1992, Hacienda has sought to bring economic advancement, health and wellness, and a thriving "Comunidad Viva" – living community – to its low-income residents. Through Hacienda's supportive community building programs – including affordable housing and community benefit commercial buildings, youth and family support, homeownership support, and economic development – Hacienda has greatly improved the lives of its residents, helping children stay in school and families thrive, and continues to strategically transform the neighborhoods they serve.

## **AREAS OF EXPERTISE**

Programs - Hacienda's emphasis on education for our residents from birth through adulthood, coupled with our asset building and entrepreneurial initiatives, is a proven model for success, providing critical support to low-income children and strengthening their family units for the long-term. Hacienda's core programs are Real Estate Development, Portland Mercado and Entrepreneurship, Youth and Family Services, Resident Services and Economic Opportunity.

Real Estate Development - Developing quality, affordable housing is at the core of Hacienda's mission. Hacienda's buildings are more than just housing, they are places where families can live and thrive in safe, supportive, community-centered environments. One- to four-bedroom townhomes and apartments are built around community spaces, gardens, and playgrounds. Resident youth and adults have access to on-site community building and asset building programs designed to strengthen the economic, physical and emotional health of families.

## DEVELOPMENT TEAM INFORMATION

| Position Name        | Contracted Firm                      | Years of Experience |
|----------------------|--------------------------------------|---------------------|
| Owner                | Community Development Partners       | 9                   |
| Co-Owner             | Hacienda Community Development Corp. | 28                  |
| Developer            | Community Development Partners       | 9                   |
| Construction Manager | Klosh Group                          | 21                  |
| Asset Management     | Community Development Partners       | 9                   |
| Compliance Manager   | Guardian Real Estate Services        | 36                  |
| Architect            | Waechter Architecture                | 23                  |
| General Contractor   | LMC Construction                     | 16                  |

## Community Engagement

### CPID & THE ASSET BASED COMMUNITY DEVELOPMENT APPROACH

CDP worked with the Center for Public Interest Design (CPID) during the early design phase of the project. The Center for Public Interest Design is a research and action center at Portland State University that aims to investigate, promote, and engage in inclusive design practices that address the growing needs of underserved communities worldwide. Through research and design, fieldwork, and public outreach, CPID promotes a mode of practice that is socially conscious, environmentally sustainable, and economically accessible to all.

CDP has engaged CPID to lead the asset-based development outreach and research. This research identifies existing resident-serving assets that are in the surrounding community, including culturally specific assets that are often overlooked in more traditional analysis, as well as identifying needs that are not being met by those existing assets. The process involves utilizing PSU Master of Architecture students and CPID staff for on the ground outreach. The PSU-OHSU School of Public Health is also often involved in creating a community health needs assessment. The entire process produces a report that provides an in depth understanding of the community's assets and needs that will then be utilized to inform the concept and design of CDP's project. The end result is a project that has been thoughtfully conceived and that provides the greatest benefit to the community.

The Center for Public Interest Design's dialogue and outreach with stakeholders and service-based organizations, as well as demographic data, provide baseline neighborhood and health characteristics. Spatial analyses generate land-use studies to support sustainable, pedestrian-friendly, and community-informed development. The policy and design recommendations that emerge reveal how community assets may orient a community toward a neighborhood rich in safe and meaningful opportunities for living, working, and gathering in ways that address specific community needs.

CPID has built upon existing relationships and research in Gresham and Rockwood to create an inclusive process and actionable recommendations toward community impact. Major findings the report include:

- Rockwood has experienced considerable development activity to support a population that grew 17% in the last two decades. With sustained regional population growth, many neighborhoods have seen areas historically dedicated to single-family residences rezoned for multi-family development. In the process of increasing density, residential areas, commerce centers, and open green spaces have been fragmented without a network of safe pedestrian corridors. Transit-oriented development is a type of development that includes a mixture of housing, office, retail, and other amenities integrated into a walkable neighborhood. Neighborhoods wherein people want to live, work, shop, and play that also have access to quality public transportation services have public health benefits, including: reduced congestion and air pollution, thoroughfares that accommodate healthy and active lifestyles, and improved access to economic opportunities for low-income and working families.
- Discussions with local housing providers indicate the need for diversification of housing types, as well as the residents they serve. With Rockwood's increasing density, there is a need for accessible family-sized units with services that support enduring fiscal health and education. In essence, Rockwood seeks a housing model that breaks the cycle of poverty by elevating community assets to support individual success. Rockwood has responded to rapid development activity in the past decade, different in type, if not intensity, from that of the 1950s and 1960s. With an increase in low-income residents as a result of households moving to find more accessible housing, including that affordable to working families, Gresham needs an array of housing choices that respond to sustained regional population growth and rising real estate prices. The community health model utilized in this research proposal assesses how codependent environmental and economic resources bolster community returns, enabling equitable access to opportunities for families and minority residents.
- A centralized space that could accommodate informal gathering was the impetus for a public commons within Rockwood 10. That this commons would then begin to connect a wide array of services and opportunities through Rockwood's town center came as the result of conversations with community associations and stakeholders. Youth services and educational opportunities were identified as predominately existing outside Rockwood's central core, with inner-core resources fragmented due to lack of safe infrastructure. In

response, this report outlines means by which Rockwood 10 will create new connections for this thriving community.

## **Advancing Racial Equity**

### **THE PROVISION OF CULTURALLY RESPONSIVE AND CULTURALLY SPECIFIC SERVICES**

Hacienda CDC employs a bilingual (English/Spanish) Resident Advocate who will work closely with property management staff and train them on assertive engagement with residents, trauma informed communication and culturally sensitive lease enforcement. We will also engage early with prospective residents to inform them about our mission-driven services and programs. The Resident Services Advocate will also conduct site visits with tenants and help identify their needs, which may include access to a food pantry, rental assistance, assistance with housekeeping or public/behavioral healthcare. Working with tenants to ensure successful tenancy, mitigate risk and prevent eviction is a large part of the Advocates' role.

Language accessibility is central to our work at Hacienda. Ninety three percent of direct service staff are bilingual native speakers of Spanish with English fluency. We have one staff member who is a native Somali speaker with English fluency. Besides spoken language, Hacienda provides all program documents in English and Spanish. We have relationships with both Linguava and IRCO's Language Bank which we use quite frequently for individual communication needs or simultaneous translation at community meetings and workshops when a resident speaks a language other than English or Spanish. Our Resident Services team is also fully trained in best practices in trauma-informed care and coaching. The entire Development and Resident Services team also recently completed CSH's Permanent Supportive Housing training and learned the basics of the Housing First model.

### **THE HISTORICALLY UNDERSERVED COMMUNITIES IN THE PROJECT AREA**

According to ACS 2018 1-Year Data, Gresham has a total population of 111,810 people. The County has a Latino population (Mexican, Puerto Rican, Cuban or other Hispanic/Latino) of 24%, Black of 3%, Asian of 4%, and Two or more races of 6%. Gresham has a median household income of approximately \$55,356, about three-quarters of the amount in the Portland Metro Area. Seventeen percent of the population lives below the poverty line, more than 1.5 times the rate in the Portland Metro Area, and 16.9% of residents are foreign-born.

Hacienda CDC is prepared to work closely with the diverse population in Gresham to ensure that programming and services are culturally sensitive and responsive to community needs. Hacienda has a proven track record of working closely with underserved populations and removing barriers to access housing, asset building opportunities, and educational opportunities.

### **CONNECTING WITH UNDERSERVED COMMUNITIES**

CDP, Hacienda CDC, and The Center for Public Interest Design all have roots and experience working in Multnomah County. We have begun building a coalition of residents and service organizations in East Multnomah County and Gresham and are excited to deepen our outreach and engagement.

Community outreach and engagement is incorporated in our pre-development planning. The goals of our outreach and engagement effort are to both inform the community of this new housing opportunity and encourage participation in the design and development of the project.

Hacienda has great experience in this process most recently through our Las Adelitas development in NE Portland. We worked with partner organizations as well as the project architects to host a series of listening sessions and charrettes ensuring the community had a say in everything from paint color to space usage to amenities. These sessions were held in English, Spanish, and Somali to accurately reflect our community language needs. Dinner, childcare, and gift cards were provided to ease barriers to access.

#### OUR PLAN TO ENSURE THAT UNDERSERVED COMMUNITIES ARE AWARE OF THIS HOUSING OPPORTUNITY

As the construction progresses, CDP and Hacienda have begun developing an outreach plan targeting the variety of social services/educational/public health/recreational and other community groups to inform them about our planned housing opportunity.

Throughout the pre-development process, neighborhoods, community groups and other stakeholders have been invited to receive up-to-date information on the progress of the housing, including a project website ([www.rockwood10.org](http://www.rockwood10.org)). CDP and Hacienda have also participated in various community events to share information about Hacienda's services and our new housing opportunity. Our plan started by inviting neighbors and the community to participate in a presentation about Rockwood 10. This presentation incorporated an interactive design workshop allowing neighbors and the community to share their concerns, comments, and ideas. This involvement has been effective, based on our experience, and has helped our development team design a project that will holistically address community concerns, and ultimately gain their support and excitement for the housing created. Our outreach strategies will also place emphasis on connecting with local organizations to share information about this new housing opportunity and who to contact for more information.

### **Partnerships and Services**

CDP and Hacienda CDC are partnering with Hacienda Youth and Family Services to provide services at Rockwood 10. This partnership is critical in providing culturally specific programming and services tailored to keep low-income families in their homes. Some households applying for our affordable housing will have problems with language barriers, poor credit, or recent evictions, primarily for non-payment of rent, and low incomes. Hacienda Resident Services staff will work closely with the property management firm to provide culturally specific language services and establish low-barrier screening criteria which allows for some flexibility in the application decision. Residents with prior evictions for non-payment of rent will be given options on how to mitigate their past rental history. Options include payment of a security deposit, agreement to participate in financial fitness training, participation in case management services or other support services, depending upon the barriers identified for the family and an evaluation of the applicant's eligibility to obtain any public assistance. Hacienda's Youth and Family Services Resident Advocate will be the primary point of contact for each resident selected for Housing at the Rockwood 10 apartments.

## Anticipated Timeline

The project dates included on the Project Schedule, from site control thru permit approval, are based on actual dates. Due to the project having multiple residential buildings the first Certificate of Occupancy is anticipated in April 2021 and the final building in December 2021 and leasing will occur throughout the completion of all six buildings with full lease up in April 2022. Due to the scale of the project full lease up is scheduled for over one year to ensure outreach to as many potential residents as possible. Once lease up is complete and the project has stabilized, conversion to the permanent loan will take place in July 2022.

|   |                           |
|---|---------------------------|
| Site Control                              | 3/6/2018                  |
| Site Analysis                             | 4/2018 – 12/2018          |
| Property Acquisition                      | 8/30/2019                 |
| Land Use Approval                         | 3/27/2019                 |
| Permit Approval                           | 3/31/2020                 |
| Contractor Selection/Solicitation         | 2/2018; 12/2019 (Bidding) |
| Construction Loan Proposal                | 8/2019                    |
| Construction Loan Commitment              | 9/2019                    |
| Construction Loan Closing                 | 12/20/2019                |
| Permanent Loan Proposal                   | 8/2019                    |
| Permanent Loan Commitment                 | 9/2019                    |
| Permanent Loan Closing                    | 7/2022                    |
| Syndication/Partnership Agreement (LIHTC) | 12/20/2019                |
| Groundbreaking                            | 1/2020                    |
| Certificate of Occupancy                  | 2/2022 (Final C of O)     |
| Leasing Begins                            | 4/2021                    |
| Leasing Completed                         | 4/2022                    |
| Full Lease Up                             | 4/2022                    |

## Metro Affordable Housing Bond Program Concept Endorsement

**Project Name:** Aloha Inn

**Implementing Jurisdiction:** Housing Authority of Washington County

**Metro IGA Contract Number:** 936591

**Anticipated construction start:** Summer 2021

**Anticipated construction completion:** January, 2022

**Action:**

Metro hereby provides the Housing Authority of Washington County (HAWC) with Concept Endorsement for \$8,465,000 Metro Affordable Housing Bond funds, \$5,650,000 for acquisition costs and \$2,815,000 for the rehabilitation of Aloha Inn, a regulated affordable housing project located at 3333 SW 198<sup>th</sup> Avenue, Aloha. Metro staff findings are attached in Exhibit A, and a more detailed description of the Project, as provided by HAWC, is attached as Exhibit B.

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

| Number of Units | Number of Bedrooms | AMI Level | Project Based Vouchers |
|-----------------|--------------------|-----------|------------------------|
| 54              | Studio             | 30%       | 54                     |

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 HAWC, following Metro's Final Approval of the Project.



Marissa Madrigal

Chief Operating Officer

1/04/2021

Date



# **Exhibit A: Metro staff findings and recommendations | Metro bond concept endorsement request for Aloha Inn**



Drafted by: Emily Lieb, Housing Bond Program Manager, Valeria McWilliams, Housing Bond Program Analyst, and Choya Renata, Senior Communications Specialist, Metro  
Date: December 23, 2020

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## **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 Aloha Inn. 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**

The Aloha Inn will utilize 7% of HAWC's total allocation of bond funds while delivering 54 units that meet the following unit production outcomes:

- 6.6% of HAWC's overall unit production target;
- 16.2% of HAWC's target of units affordable to households making 30% or less of area median income (AMI); and
- 0% of HAWC's family sized unit target.

When combined with HAWC's first project, Viewfinder, the BRIDGE Aloha Housing Project, Basalt Creek Development, Forest Grove Family Housing, Tigard Senior Housing, Plaza Los Amigos, Terrace Glen and South Cooper Mountain, the County is on a path to have utilized 82.7% of total allocation of bond funds while delivering on the following cumulative unit production outcomes:

- 93.1% of HAWC's overall unit production target;
- 83.8% of HAWC's target of units affordable to households making 30% or less of area median income (AMI); and
- 95.3% 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:

- Pre-application notes from Washington County's Department of Land Use and Transportation for application of change of use of the site dated 09/08/2020
- A preliminary project pro forma dated 11/30/2020
- Phase 1 Environmental Site Assessment (ESA)
- Development team resumes and developer schedule of real estate owned demonstrating a track record with affordable housing development and rehabilitation project in Oregon

- Appraisal dated 09/21/2020
- As-Built Site Plan, LID Civil Set, Foundation Survey, Architectural Set
- Executed Purchase of Sale Agreement and Amendment
- Hazardous Building Materials Survey Report
- Seismic Risk Assessment

Additional analysis of due diligence materials are summarized below:

**Zoning** – The property is zoned CBD-Community Business District. At this time, HAWC staff have met with Washington County Department of Land Use and Transportation staff for a pre-application conference. The change in use from hotel to affordable housing is a permitted use by right that requires a Type II development review process with administrative review and approval.

**Appraisal** – An appraisal engaged by HAWC and provided to Metro valued the property at \$5,400,000. However, the appraisal noted that the valuation was a low point in the hotel industry due to COVID-19 and estimated a future stabilized value of \$6,800,000 in 2023. Based on the appraised current value and the expected stabilized value, HAWC and the seller agreed on a purchase price of \$5,650,000.

**Capital Needs** – HAWC engaged Brawner & Company to prepare a Strategic Capital Replacement Plan for the property, which includes an estimate for the total rehabilitation cost and the 15 year reserve costs. The majority of the costs are associated with the conversion of the hotel rooms to studio units containing kitchenettes. Additional costs include adding fire sprinklers and other fire suppression methods as an anticipated Building Code requirement triggered by the change in occupancy. Other capital improvements include replacement of the roof due observed leakage, renovating the existing office and lobby space to accommodate on-site behavioral services and property management staff, and converting the third-floor conference room into two additional studio units. The total construction cost estimate is approximately \$2.9 million.

**Environmental Assessment and Hazardous Materials** – A Phase I ESA cleared the site for environmental contamination and adjacent potential noxious uses and a hazardous building materials report found no asbestos, lead based paint or other hazardous materials in the building.

**Seismic Risk** - A seismic risk assessment engaged by HAWC determined that the structure had a low risk of damage in a seismic event.

## 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 adjacent to a Walgreens and a Safeway store is located 0.4 miles east. Other medical amenities like medical dental offices and care clinics are less than half a mile away. Employment opportunities stretch along the SW Tualatin Valley Highway. Trachel Meadows Park is located 0.85 miles from the site and is part of a recreation trail corridor.
- **Transit access:** The project is located 210 ft from a TriMet Bus Lines #57 and #88 stop. It's a 15 minute bus ride to the Willow Creek Trimet MAX station.

- **Diversity in contracting/hiring:** The project is committed to meeting 20% MWESDB goals. Strategies to successfully reach that target include: holding interviews with perspective general contractors to discuss strategies to tailor the RFP towards these goals; reach out directly to potential MWESDB certified firms and coordinate with the General Contractor on direct outreach for construction sub-bidding opportunities.
- **Access for historically marginalized communities:** As a permanent supportive housing services (SHS) project, the project is aimed at serving individuals who have been experiencing homelessness and have a disabling condition for which ongoing supportive services are needed to maintain housing stability. Screening will be “extremely low-barrier”, with the specific referral process to be determined based on the rental assistance source (SHS Long-term Rent Assistance program or federal vouchers). Washington County will release an RFP for a culturally specific provider to partner with the County on this project to ensure that all program policies and outreach would be tailored to ensure BIPOC communities are aware of the potential services.
- **Culturally appropriate services:** The project anticipates utilizing SHS funding to provide wraparound supportive services. An RFP will also be issued for a collaborative provider of behavioral health (BH), Substance Use Disorder (SUD), PSH, and culturally specific services onsite at the Aloha Inn. In addition, HAWC will utilize its existing third-party property management company, Cascade, on property operations support.

## 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:**

HAWC has utilized a listening session approach with culturally specific community groups and organizations (including Somali Empowerment Circle, APANO, and Black and Indigenous community members). Through listening sessions they have gathered design-level input and other considerations to help improve the plans for this new affordable housing. They have also partnered (or will partner) with Virginia Garcia Health Clinic, Aloha Library, Community Action and Luke-Dorf to reach marginalized community members and invite their input on the project.

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

Listening session feedback is being presented to developers for incorporation into project design and implementation. Metro staff will look for more detail about the ways community engagement shaped the project, at final approval.

## EXHIBIT B: Project summary submitted by Housing Authority of Washington County | Metro bond concept endorsement for Aloha Inn

Submitted by: Andrew Crampton, Housing Development Coordinator,  
Housing Authority of Washington County, Andrew\_Crampton@co.washington.or.us  
Submitted on: December 4, 2020

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### Project Overview

The Housing Authority of Washington County (HAWC) executed a purchase and sale agreement to purchase the existing 52-room Aloha Inn to convert the building into a 54-room Permanent Supportive Housing (PSH) building. The site is approximately 1.1 acres and contains a parking lot, shared driveway and access easement with the adjacent Walgreens, and an approximately 35,000 three-story motel building. The hotel has been operating since 1985 and was purchased by the current hotel operator in May 2019, who made recent renovations with the intent of converting the Quality Inn hotel to a Best Western brand. HAWC is requesting \$8,465,000 in Metro Bond funds. Other sources include \$500,000 in Washington County Housing Production Opportunity Funds and \$35,000 in OHCS Multi-family Energy Efficiency incentives. The purchase price is \$5,650,000 and construction costs are estimated at \$2,500,000. Due diligence and development costs are \$850,000 for a total project cost of \$9,000,000. The anticipated construction budget is informed by best practices for PSH projects in the Pacific NW region and a detailed owner's manual with line-item cost breakdowns for each specific deliverable anticipated for the change in use.

### Preliminary Development Program

| Unit size (no. of bedrooms) | No. of units | AMI %      | PBVs | Square feet/unit | Gross monthly rent/unit |
|-----------------------------|--------------|------------|------|------------------|-------------------------|
| <i>Studio</i>               | 54           | 30%        | 54   | 370              | \$967                   |
| <b>Total</b>                | <b>54</b>    | <b>30%</b> |      | <b>31,160</b>    | <b>\$967</b>            |

### Background

In December 2019 the Washington County Board of Commissioners (BOC) set the goal of building at least 100 units of Permanent Supportive Housing (PSH) as a part of the County's Local Implementation Strategy (LIS) for the Metro Affordable Housing Bond. After the approval of the Metro Bond LIS, the Supported Housing Services (SHS) Measure was passed by voters in May 2020. The SHS Measure brings additional resources to address the growing houseless crisis and can support achievement of the 100 PSH unit goal.

PSH serves the highest acuity and chronicity individuals in a community. That translates to individuals who have been living on the streets for long periods of time, individuals with Serious and Persistent Mental Illness (SPMI) who are both houseless and or coming out of institutional settings, individuals with substance use disorder (SUD) and that often suffer from other disabling conditions. These are individuals who are unlikely to be successful in a traditional housing unit and need those supportive services to attain and maintain housing stability.

The Housing Authority of Washington County (HAWC) in partnership with Health and Human Services (HHS) began looking at the Aloha Quality Inn as a potential PSH project in 2019. Purchasing hotels for supportive housing has become a national best practice especially due to



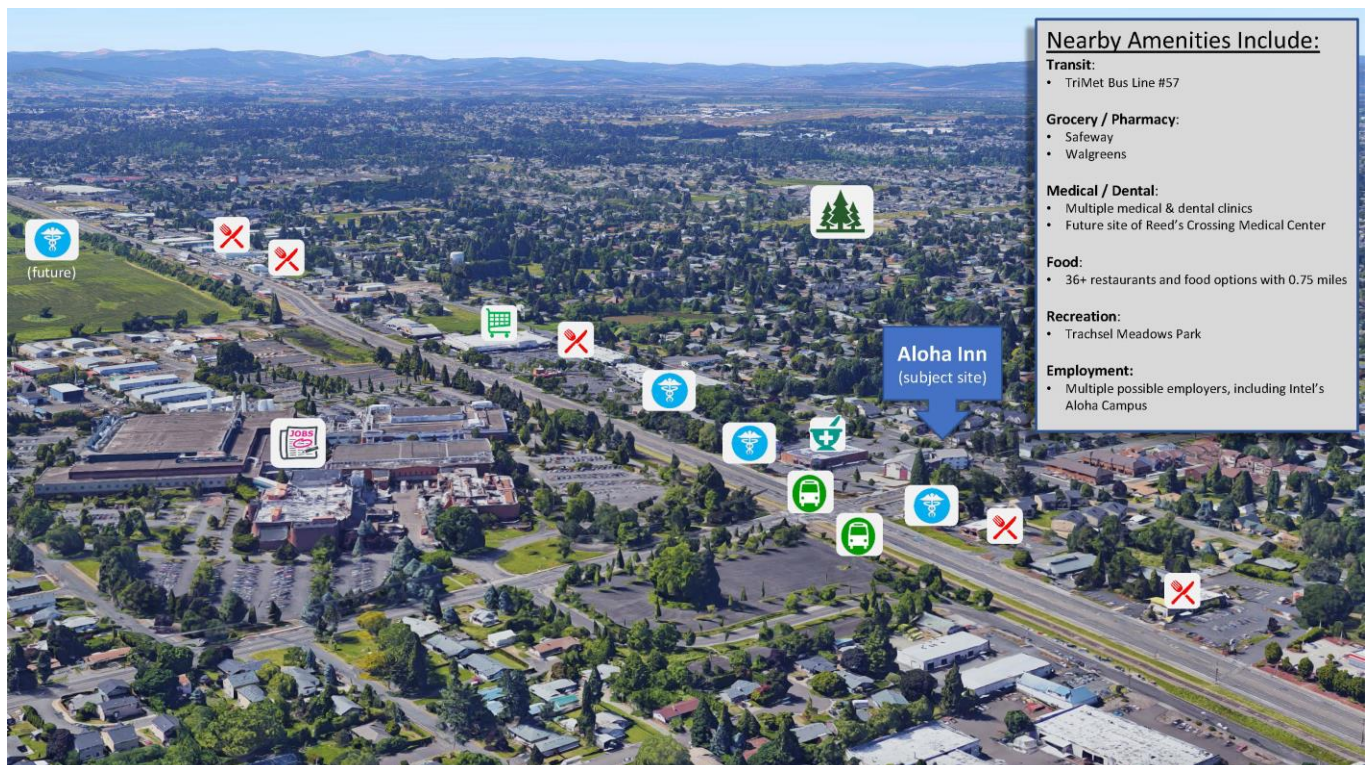
the impact of the COVID 19 pandemic on the hospitality industry. After receiving approval from the internal real estate work group made up of staff in county finance, administration and legal, HAWC began its due diligence to determine if the property would be an asset the county should consider purchasing. HAWC entered into initial negotiations in March 2020 and again in summer 2020, executing a Purchase and Sale agreement in August 2020.

An appraisal was delivered to inform the purchase price. The appraisal valued the current property at \$5,400,000, however, it noted that the valuation was a low point in the hotel industry due to COVID-19 and estimated a future stabilized value of \$6,800,000 in 2023. Based on the appraised current value and expected stabilized value, HAWC and the seller agreed on a purchase price of \$5,650,000.

Due diligence includes review of a title report and ALTA survey to determine existing property lines, an Owner's Manual to determine the scope of construction and estimated cost, a Phase I ESA and hazardous materials assessment, and a Seismic Loss Risk assessment. A Service Provider Letter was issued by Clean Water Services determining environmentally sensitive areas are not located on the site or the nearby vicinity. Referenced due diligence documents are attached for Metro staff review.

## Location and Neighborhood

The site has a TriMet bus stop that provides access to the frequent service bus lines #57 and #88. The adjacent Walgreens provides convenience food and a pharmacy. A Safeway store is located 0.4 miles east. Medical dental offices are a half-block away, the Tuality Care clinic is a half-mile west, as is the future Reed's Crossing medical center in South Hillsboro. Employment opportunities include the Intel Jones Aloha campus located within 500 feet, across Tualatin Valley Highway. Trachel Meadows Park is located 0.85 miles from the site which is the key spine along a recreation trail corridor serving multiple park amenities.



## Site

The building and parking lot is located on one tax lot consisting of 1.15 acres, and has an easement over the adjacent tax lot for the shared driveway and parking used by both the Aloha Inn and Walgreens. A purchase and sale agreement with the current ownership entity, Param Aloha LLC, was executed in August 2020 and amended with the agreed-upon purchase price in October 2020. The 31,196 square foot building was constructed in 1985 as a motel and recently completed a Property Improvement Plan to align the hotel under the Best Western brand.

The building will be converted to an R-2 residential occupancy for the Permanent Supportive Housing with primary improvements consisting of adding kitchenettes, fire suppression measures, and renovation of the existing office space to meet the needs of support services and property management staff. The property is zoned CBD Community Business District and County Land use and Transportation Planning staff have issued notes from the pre-application conference indicating PSH is a use allowed by right through a land use development permit.

### Findings from the capital needs assessment and anticipated repair needs:

The owner's manual and associated 20-year reserve estimate is included as an attachment with a line-item breakdown of associated costs for the renovation project. The majority of the costs are associated with the conversion of the hotel rooms to studio units containing kitchenettes. Additional costs include adding fire sprinklers and other fire suppression methods as an anticipated Building Code requirement triggered by the change in occupancy. Other capital improvements include replacement of the roof due observed leakage, renovating the existing office and lobby space to accommodate on-site behavioral services and property management staff, and converting the third-floor conference room into two additional studio units.

## Project Financing

As conveyed below, total project cost is anticipated to be \$9,000,000 of which \$2,500,000 will be construction costs. The total cost per unit is \$166,666 and \$288 per square foot. The Washington Housing Production Opportunity Fund is fund administered by the County's Administrative Office and is aimed to support the creation and preservation of affordable housing. The OHCS MEP program provides grants to support energy efficiency measures, and a preliminary program award letter is included in the application packet.

| Sources                             |                    | Uses               |                    |
|-------------------------------------|--------------------|--------------------|--------------------|
| Metro Affordable Housing Bond       | \$8,465,000        | Construction Costs | \$2,500,000        |
| Housing Production Opportunity Fund | \$500,000          | Acquisition        | \$5,650,000        |
|                                     |                    | Due Diligence and  |                    |
| OHCS Multifamily Energy Program     | \$35,000           | Development Costs  | \$850,000          |
| <b>Total Sources</b>                | <b>\$9,000,000</b> | <b>Total Costs</b> | <b>\$9,000,000</b> |

## Development Team

The project development team will be led by HAWC with 50 years of providing, developing and managing affordable housing in Washington County. HAWC currently has 2,771 Housing Choice Vouchers, 163 of which are project-based, and 244 Public Housing units. HAWC also operates around 600 units of nonfederal bond funded affordable housing units.

HAWC has extensive experience leveraging partnerships and creative funding to provide supportive services linked with affordable housing. The housing authority partnered with Meyer

Memorial Trust on an innovative program to increase capacity of three behavioral health providers to deliver supportive housing services and better leverage the Medicaid system. For this, Meyer Memorial provided the housing authority with \$250,000 in grant dollars to fund the partnership. Additionally, Metro 300 Program is a partnership between the housing authority and Kaiser Permanente to house 80 houseless, senior/disabled individuals. Kaiser funded the housing authority with \$1.3 million dollars for local funded rent assistance, housing navigation capacity building and the building up of capacity for culturally specific providers to deliver housing navigation services to communities of color. As an organization, Washington County operates all the homeless Continuum of Care (CoC) programs within its Department of Housing Services. The CoC is managed within the County and the name of the organization is the Housing and Supportive Services Network (HSSN). Washington County's Department of Health and Human Services & Department of Housing Services operates a COVID 19 Respite Shelter for houseless individuals, migrant farmworkers and those coming out of institutional settings (prisons/jails) without a safe place to quarantine.

In addition to institutional experience, the HAWC development team brings extensive experience developing affordable housing, in particular Permanent Supportive Housing:

Komi Kalevor, Executive Director, has over thirty years of real estate development experience and has worked on several complex partnership programs that created thousands of units of affordable housing throughout the Pacific Northwest.

Josh Crites, Assistant Director, has extensive experience operating a large scale PSH program. Josh was the Director of Housing Programs for the State of Arizona's 3,000-unit Permanent Supportive Housing Program. This was a program of scattered sites and single site units for persons with Serious Mental Illness (SMI) operating throughout the State of Arizona. The program also included all of the Medicaid funded supportive housing services that were developed through health plans and monitored by fidelity reviews from the Medicaid Department.

Shannon Wilson, Housing Development Manager, is responsible for management of the Metro Affordable Housing Bond program in Washington County. Shannon has 19 years of experience working in affordable housing, including working for a local nonprofit developing expertise in resident services delivery, program development and oversight, an affordable housing and finance.

Andrew Crampton, Housing Development Coordinator, is the lead project manager responsible for project timelines, procurement and due diligence. He has experience in land use entitlement, development feasibility studies, and leading development projects.

The design professional team will be procured through a Design-Build methodology. An RFP for procurement for the project General Contractor will be conducted upon receipt of project funding.

## **Community Engagement**

A robust community engagement strategy will be executed and linked with broader outreach efforts on the County's Supportive Services implementation measures in order to notify stakeholders and potential service partners on the planned operations and services for the Aloha Inn and how they will uphold the goals and policies codified in Washington County's Local Implementation Plan. A presentation to the Housing and Supportive Services Network will provide information on the project to housing and service provider agencies Housing and service provider agencies working to bring a broad spectrum of organizations together as partners in the



community to perform strategic planning, gaps analysis, prioritize resources needed to provide a continuum of care for individuals and families who are at-risk or experiencing homelessness.

Specific outreach to groups that directly provide services to the unhoused, such as Home Plate and Family Promise will help tailor the RFP for supportive services. Additional outreach will include corresponding with medical providers such as the Virginia Garcia Health Clinic to understand a continuum care program for residents. Other similar services providers such as Luke-Dorf and the Lutheran Community Services Northwest will also be consulted. Community based groups such as Community Action, and the Aloha Community Board and Aloha Library will provide community-based perspectives on the greater Aloha-Reedville community needs. The Housing Authority's Housing Advisory Committee conducted a presentation on the project and provided feedback incorporated into the concept endorsement application, in particular the need to provide for substantial operating and capital reserves to make the program sustainable long-term.

### **Advancing Racial Equity**

Washington County has a diverse BIPOC population, consisting of 21% of the general population, and nearly 22% of the at-risk and homeless population. This project will advance the County goals established in its Consolidated Plan and a Road Home Community Plan to prevent and end homelessness. The two fundamentals of A Road Home include a Housing First Strategy and wrap around client-centered services, and the Aloha Inn Permanent Supportive Housing fulfills these fundamentals as a cornerstone project towards the County's goal of ending homelessness. Admissions into the program will be extremely low-barrier and will ensure that policies that historically have had a disparate impact on communities of color (e.g. criminal background policy and credit screening) are set to the lowest possible levels to eliminate these barriers. The referral process will be determined based on the operating budget subsidy source. Federal vouchers require certain referral processes whereas SHS funding would be more flexible. Washington County will release an RFP for a culturally specific provider to partner with the County on this project to ensure that all program policies and outreach would be tailored to ensure BIPOC communities are aware of the potential services. This provider would ensure all policies and programs would center equity by serving diverse communities and providing culturally appropriate services for residents.

The project will meet 20% MWESDB goals and strategies to meet this will include holding interviews with perspective General Contractors to discuss strategies to tailor the RFP towards these goals. In addition, Housing Services staff will reach out directly to potential MWESDB certified firms to encourage them to participate for any professional services related to the RFP, and will coordinate with the General Contractor on direct outreach for construction sub-bidding opportunities.

### **Partnerships and Services**

Washington County HHS is invested in supporting HAWC and the residents of the Aloha Quality Inn however, they would not seek to be the PSH service provider. The goal of the SHS measure and the Aloha Quality Inn project independent of the SHS measure is to build up service provider/culturally specific provider capacity throughout Washington County. An RFP would be issued for a collaborative provide a host of behavioral health (BH), Substance Use Disorder (SUD), PSH, and culturally specific services onsite at the Aloha Inn.



Washington County's Behavioral Health Division believes services need to be onsite, stable and long-term to ensure that the residents can be successful. In order to accomplish this, SHS funding will be required on an ongoing basis.

In addition, HAWC will utilize its existing third-party property management company, Cascade, on property operations support. Cascade Management was founded in 1974, and has a long history of providing property management and asset management services to housing authorities and nonprofit affordable housing providers. They currently manage over 185 properties throughout the states of Oregon and Washington. Cascade Management has many years of experience working with PSH projects across the Pacific Northwest.

### **Anticipated Timeline**

A work session was held before the Washington County Board of Commissioners on December 1, 2020. The Commission expressed support for the project and County and Housing Authority Board approvals are anticipated to occur on December 15, 2020. The PSA requires closing on the property no later than January 18, 2021. A Phase I ESA cleared the site for environmental contamination and adjacent potential noxious uses and a hazardous building materials report found no asbestos, lead based paint or other hazardous materials in the building.

The design team is intended to be structured as a design-build and the RFP for the General Contractor selection will be issued in January 2020 upon receiving financing and closing on the property. A development permit land use application is required prior to seeking building permits, and the anticipated timeline is 3-4 months for approval. A community meeting is required to be held before submission of the development permit. This development permit will be submitted in January 2021 and will be reviewed concurrently while the design team prepared construction plans. A building permit will be submitted in Spring 2021 and construction will commence in summer with anticipated lease up to occur January 2022.