

September 19, 2024

BCC Agenda Date/Item: _____

Housing Authority Board of Commissioners
 Clackamas County

Approval of Resolution designating Authorized Officers to finalize, execute, and deliver all documents and agreements related to the Hillside Park Redevelopment Project Buildings, A & B. Funding through federal, state, local, and private funding sources. No County General Funds are involved.

Previous Board Action/Review	October 2019 – Board approval of the Hillside Park Master Plan Design Concept July 2021 – Board approval of Resolution authorizing submittal of Section 18 disposition application January 2022 – Notification to the Board of intent to release Request for Expressions of Interest from developers August 2022 – Related Northwest selected as the developer September 2022 – Approval of an Exclusive Negotiation Agreement with Related Northwest September 2023 – Approval to provide Housing Authority Board endorsement of the concept and preliminary commitment of Regional Affordable Housing Bond funds March 20, 2024 – Policy Session on Hillside Park Redevelopment, where the Board unanimously approved bringing a Resolution back for formal adoption at a future business meeting. April 4, 2024 – Development Agreement Approval September 17, 2024 – Resolution 1994 presented at Issues		
Performance Clackamas	This item aligns with the strategic priority to ensure safe, healthy, and secure communities by providing sustainable and affordable housing.		
Counsel Review	Yes	Procurement Review	Yes
Contact Person	Devin Ellin	Contact Phone	971-227-0472

EXECUTIVE SUMMARY: The Housing Authority of Clackamas County (HACC), a component unit of Clackamas County within the Housing and Community Development Division of the Health, Housing and Human Services Department, is requesting Board approval of a resolution designating Authorized Officers authority to finalize and execute all documents and agreements related to the acquisition, development, financing, construction, and leasing of the Hillside Park Buildings A & B. The authorized officers are the Chair of the Board, the Housing Authority’s Executive Director, and the Director of Housing Development of the Authority.

Overview of Hillside Park Redevelopment
 Built in 1942, Hillside Park is a public housing complex consisting of 100 single-family units and duplexes on a 13.7-acre site in the City of

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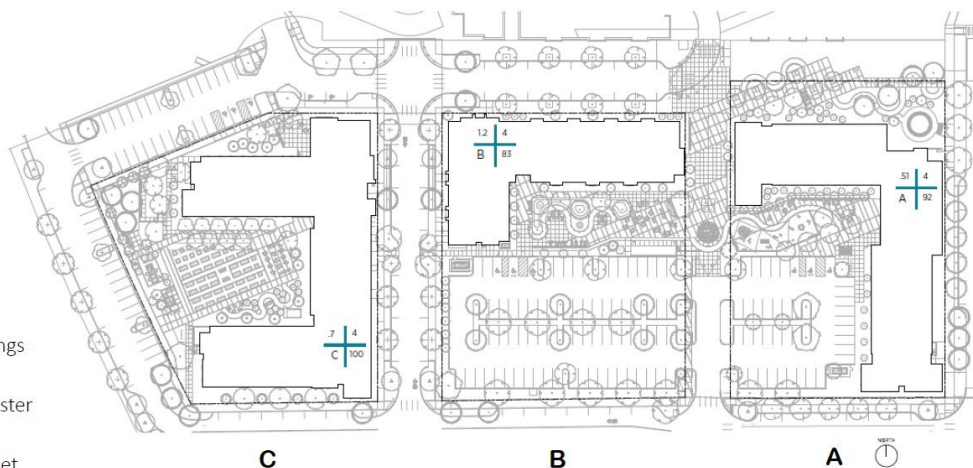
Milwaukie. The vision for this redevelopment project is over five years in the making and is based on extensive input from community stakeholders and an approved master plan. As part of its public housing repositioning, the Housing Authority of Clackamas County will redevelop the public housing at Hillside Park into up to 500 units of new affordable housing in two phases. HACC will retain ownership of the underlying land through long-term ground leases with the various building owners.

Phase 1 includes the development of 275 new units of amenity-rich affordable housing located in three adjacent buildings referred to as Buildings A, B, and C. Building C includes 100 units and was the first of the three buildings to break ground, with construction commencing in July. Building A, consisting of 92 units, and Building B, consisting of 83 units, are scheduled to start construction in November 2024.

Phase 1 Site Plan

Highlights

- 275 units of affordable housing
- Three, four story buildings
- Development of more outdoor space than master plan
- Inclusion of a living street between buildings A & B
- 0.8 parking ratio



Amenities will include on-site management offices, resident service offices, parcel lockers, multi-purpose community rooms, bike rooms, and laundry rooms on every floor. An innovative amenity will be a community room serving as a resilience hub during emergencies. Resilience hubs are supplied with basic resources like food, water, and medical supplies and have backup electrical capacity. They are community-serving facilities designed to support residents and coordinate resource distribution and services before, during, or after an emergency such as a natural disaster.

Additional amenities will include raised garden beds, outdoor courtyards with dining and patio spaces, electric vehicle charging stations, and energy-efficient infrastructure to decrease operating costs and increase overall housing affordability. The redevelopment also includes extensive public improvements and infrastructure work, including the introduction of the city grid to the neighborhood. The result will be an accessible, service-enriched, energy-efficient, and pedestrian-friendly community.

Buildings A & B will consist of 175 units affordable to households making 60% of the Area Median Income (AMI) and below. Related Northwest will develop Buildings A & B, and HACC will have a 20% ownership

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stake in the General Partnership. The total development cost of Buildings A & B is approximately \$83.4 million. This includes over \$4.6 million in infrastructure-related costs to provide new utility stub-ins that will serve Phase 2. The redevelopment of Hillside Park will integrate the property into the city grid for the first time. This will allow for better connections to the surrounding neighborhood, more convenient navigation through the site, and an urban character that prioritizes the pedestrian experience while ensuring adequate parking is provided.

Primary sources of funding for Buildings A & B include Local Innovation and Fast Track (LIFT) funding (\$6.7million), HOME ARP funds (\$3.1 million), Low-Income Housing Tax Credit equity (\$26.4 million), Regional Affordable Housing Bond funds (\$23.5 million), deferred developer fee (\$6.6million), and permanent debt (\$17.2 million).

Resolution 1994 authorizes the loans, agreements, and approvals necessary to close Hillside Park Buildings A & B financing and commence project construction. Approval of Resolution 1994 authorizes the following: the lease of Housing Authority property to Hillside Park Buildings A & B Housing Partners Limited Partnership; the Housing Authority's participation as a limited partner of Hillside Park Buildings A & B Housing Partners Limited Partnership; the execution and delivery of documents relating to the Hillside Buildings A & B development project; and determination of matters necessary to consummate the transactions contemplated in the resolution and/or further the acquisition, development, financing, construction, and leasing of the Project.

The documents and agreements expected to be delivered as part of the Hillside Park Buildings A & B transaction are listed in Exhibit A of Resolution 1994. Copies of all documents will be available for the Housing Authority Board review at its request.

RECOMMENDATION: The Staff respectfully recommends the Board approve Resolution 1994 designating Authorized Officers authority to finalize and execute all documents and agreements related to the acquisition, development, financing, construction, and leasing of the Hillside Park Buildings A & B.

Respectfully submitted,



Rodney A. Cook
Director of Health Housing and Human Services

**BEFORE THE BOARD OF COMMISSIONERS
OF THE HOUSING AUTHORITY OF CLACKAMAS COUNTY**

In the Matter of authorizing the lease of Authority property to Hillside Park Buildings A&B Housing Partners Limited Partnership, authorizing the Authority's participation as a limited partner of Hillside Park Buildings A&B Housing Partners Limited Partnership, authorizing loans and capital contributions to Hillside Park Buildings A&B Housing Partners Limited Partnership, approving the execution and delivery of documents relating to the Hillside Buildings A and B development project; and determining related matters

RESOLUTION NO. 1994

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BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF CLACKAMAS COUNTY as follows:

Section 1. Recitals and Findings. The Board of Commissioners (the "Board") of the Housing Authority of Clackamas County (the "Authority") finds and determines:

(a) Statutory Authorization. The Authority is a public body corporate and politic of the State of Oregon and a housing authority authorized by the Housing Authorities Law (ORS 456.005 to 456.235) to, among other things, to: (i) "[p]repare, carry out, acquire, lease and operate housing projects" (ORS 456.125(5)) and [p]rovide for the construction, reconstruction, improvement, alteration or repair of any housing project or any part thereof" (ORS 456.125(6)); (ii) "lease or rent any housing, land, buildings, structures or facilities embraced in any housing project and, subject to the limitations of the Housing Authorities Law, to establish and revise the rents or charges therefor" (ORS 456.120(8)) and "sell, mortgage, lease, rent, transfer, assign, pledge or otherwise dispose of any real property or any interest therein" (ORS 456.120(11)); (iii) "form, finance and have a nonstock interest in, and to manage or operate, partnerships . . . in order to further the purposes of the housing authority" (ORS 456.120(20)) and "enter into a partnership agreement with or loan money to an individual, partnership, corporation or other association to finance, plan, undertake, construct, acquire, manage or operate a housing project" (ORS 456.120(18)); (iv) "finance, develop, own, operate or manage a mixed income housing project" if certain requirements are met (ORS 456.120(19), ORS 456.153); (v) "make and execute contracts and other instruments necessary or convenient to the exercise of the powers of the authority" (ORS 456.120(4)); and (vi) "delegate to one or more of its agents or employees such powers or duties as it deems proper" (ORS 456.135). As used in the Housing Authorities Law, "housing project" includes any work or undertaking "[t]o provide decent, safe and sanitary urban or rural housing for persons or families of lower income" which may include "buildings, land, equipment, facilities and other real or personal property for necessary, convenient or desirable appurtenances" (ORS 456.065(2)).

(b) The Project. The Authority is undertaking the first phase of the redevelopment of the Authority's Hillside Park property, including the construction of Hillside Park Buildings A and B to contain approximately 175 units of housing and related infrastructure and other improvements (the "Project"). Pursuant to the authority set forth in Resolution No. 1972 adopted by the Board on

September 29, 2022, the Authority entered into an Exclusive Negotiation Agreement with the Related Companies of California LLC (“Related”), pursuant to which the Authority and Related agreed to negotiate in good faith an agreement regarding portions of the Authority’s Hillside Park Project. Pursuant to the authority set forth in Resolution No. 1981 adopted by the Board on April 4, 2024, the Authority entered into a Development Agreement dated as of May 6, 2024 (the “Buildings A&B Development Agreement”) pertaining to the Project with Related/Hillside Park Buildings A&B Development Co., LLC (the “General Partner”). In connection with the financing of the Project, the Authority will grant a leasehold interest in the land on which the Project will be located to Hillside Park Buildings A&B Housing Partners Limited Partnership (the “Partnership”) and the Authority will be provided with an option and right of first refusal to acquire the Partnership’s interest in the Project and/or the investor limited partners’ interests in the Partnership in accordance with the Buildings A&B Development Agreement. The Partnership has applied to the Authority for financial assistance for the purpose of providing part of the funds with which to construct and equip the Project to provide housing for low-income persons within the Authority’s area of operation.

(c) HUD Disposition. In connection with the anticipated redevelopment of the Authority’s Hillside Park property, the Authority received approval to dispose of the Hillside Park property (the “Disposition”) from the United States Department of Housing and Urban Development (“HUD”), subject to certain conditions, including that the transferred property be subject to an ongoing use restriction.

(d) The Partnership. Related has caused the Partnership to be formed in connection with the development of the Project. RSEP Holding, LLC, a Delaware limited liability company, as Limited Partner, and Red Stone Equity Manager, LLC, a Delaware limited liability company, as Special Limited Partner, and their successors and/or assigns (collectively, the “Investors”) are willing to be limited partners in the Partnership and to make capital contributions to the Partnership. In connection with the admission of the Investors as limited partners of the Partnership and the Authority as a nonprofit limited partner of the Partnership, it is necessary to amend and restate the Partnership’s original partnership agreement, and to execute and deliver certain other agreements, certificates, and other documents relating to the Partnership and the Project.

(e) Sources of Financing. The total cost of the Project is anticipated to be approximately \$ 83,400,000 , which will be financed by the Partnership with sources of funds that include a loan of proceeds of a tax-exempt obligation to be issued by State of Oregon, acting by and through its State Treasurer and its Housing and Community Services Department (“OHCS”) in a principal amount not to exceed \$47,000,000 to be purchased by Citibank, N.A. (the “Bank”), a loan from OHCS pursuant to the Local Innovation and Fast Track (“LIFT”) program in an anticipated principal amount of not to exceed \$ 7,250,000 (the “LIFT Loan”), a loan from Clackamas County (the “County”) in an anticipated principal amount of not to exceed \$3,103,000 (the “County Loan”) derived from federal HOME American Rescue Plan funds and/or other available funds; a loan from the Authority derived from Metro Housing Bond proceeds made available to the Authority (the “Metro Loan”) in an anticipated principal amount of not to exceed \$23,510,000; capital contributions from the Investors; capital contributions from the Authority and the General Partner; deferral of all or a portion of the developer fee; and income from operation of the Project.

(f) Additional Findings. The Board finds and determines that the Project likely would not be constructed as housing for individuals and families of low income unless the Partnership was formed and the Investors committed to make capital contributions to the Partnership. The Board further finds that the loans to be made by the Authority to the Partnership are important for the feasibility of the Project. The Authority wishes to undertake those steps as may be necessary, reasonable and/or advisable for it to serve as a limited partner of the Partnership and a developer of the Project, to obtain the various funding sources on behalf of the Project described above, and to make such funds available to the Partnership. The Board hereby determines that a substantial number of persons of eligible income in the area served by the Authority cannot obtain housing for 30% of less of their income. Based on the foregoing determination, the Board hereby declares, on behalf of the Authority, the need for additional housing for persons or families of lower income that can be addressed by the Authority participating in the financing and development of the Project.

Section 2. Approval of Admission to Partnership, Service as Developer and Transaction Documents. The Authority is authorized to be admitted as a limited partner of the Partnership and to provide development services to the Partnership. The Chair of the Board, the Authority's Executive Director, the Director of Housing Development of the Authority, and each of their designees (each, an "Authorized Officer" and collectively, the "Authorized Officers"), and each of them acting alone, are authorized and directed to negotiate, execute, deliver and, if applicable, file (or cause to be executed and delivered and, if applicable, filed) on behalf of the Authority (acting on its own behalf and/or as a limited partner of the Partnership) (i) those documents listed in Exhibit A (collectively, the "Transaction Documents") in such forms as any Authorized Officer may approve (with the understanding that an Authorized Officer's signature on a Transaction Document shall be construed as the Authority's approval of such Transaction Document); and (ii) any other documents reasonably required to be executed by the Authority or the Partnership to carry out the transactions contemplated by the Transaction Documents. The Authorized Officers (and each of them acting alone) are further authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, on behalf of itself and/or as a limited partner of the Partnership under the provisions of or as necessary to carry out the transactions contemplated by the Transaction Documents (including the amendment of any such documents if necessary to further the purposes thereof or resolve ambiguities therein).

The Authorized Officers (or their designees), and each of them acting alone, are authorized and directed, without further Board approval, to take such actions on behalf of the Authority as are required to be taken as a limited partner of the Partnership.

Section 3. Authorization to Obtain and Lend Metro Bond Proceeds. The Authority is authorized to obtain an allocation of Metro bond proceeds in the maximum amount of \$24,500,300 (the "Metro Funds") from Metro, and to use the Metro Funds to make the Metro Loan to the Partnership to finance or refinance a portion of the Partnership's costs of constructing, equipping, and/or furnishing the Project, all pursuant to the terms of the Transaction Documents listed in Exhibit A under the heading "Metro Loan Documents" (collectively, the "Metro Loan Documents") The Authorized Officers, and each of them acting alone, are authorized to determine

the principal amount and other terms of the Metro Loan (subject to the limitations set forth herein), which terms shall be set forth in the Metro Loan Documents.

Section 4. Approval of Housing Authority Capital Contribution. The Authority is authorized to make capital contributions to the Partnership from available Authority funds, and all pursuant to the Transaction Documents listed in Exhibit A under the heading “Partnership Documents”; provided, however, that subject to Section 9 of this resolution, the cash portion (if any) of any capital contribution of the Authority payable on or before the date of admission of the Investors as limited partners of the Partnership, shall not exceed \$100. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority to determine the source (or sources) of funds for such capital contributions contemplated under the Transaction Documents.

Section 5. Approval of Ground Lease and Encumbrances. In furtherance of its statutory authority to provide decent, safe, and sanitary living accommodations for persons of low income, the Authority is authorized to (i) lease to the Partnership, for a term not exceeding 100 years, the land on which the Project is to be located; (ii) encumber the Authority’s interest in the Project and the land on which it is to be located (including its fee interest therein) pursuant to the use restrictions and regulatory agreements that are Transaction Documents; (iii) cause and permit the Partnership to encumber the Partnership’s interest in the Project and the land on which the Project is to be located (including its leasehold interest therein), and certain other property of the Partnership, pursuant to the encumbrances that are Transaction Documents; (iv) provide a license to the Partnership to access and perform work on certain of the Authority’s other properties; and (v) enter into certain easements and licenses for access, entry and maintenance of portions of the Hillside Park property.

Section 6. Tax Credit Documents. The Authorized Officers (and each of them acting alone) are authorized on behalf of the Authority to execute, deliver and/or file (or cause to be delivered and/or filed) all documents deemed necessary or appropriate to allow the Partnership to qualify for and obtain federal low-income housing tax credits (“LIHTCs”) in connection with the Project including, without limitation: the filing of one or more applications with the State of Oregon acting by and through its Housing and Community Services Department (“OHCS”); and the execution of all necessary and related documents, including without limitation Transaction Documents listed in Exhibit A under the heading “Tax Credit Documents.”

Section 7. Supplemental Authorization. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority (acting on its own behalf and/or as a limited partner of the Partnership) to: (i) determine that any document authorized by this resolution is, at the time such document otherwise would be executed, no longer necessary or desirable and, based on such determination, cause the Authority not to execute or deliver such document; (ii) execute and deliver and, if applicable, file (or cause to be delivered and/or filed) any government forms, affidavits, certificates, letters, documents, agreements and instruments that such officer determines to be necessary or advisable to give effect to this resolution and to consummate the transactions contemplated herein and/or further the acquisition, development, financing, construction, and leasing of the Project; (iii) cause the Authority to expend such funds as are necessary to pay for all filing fees, application fees, registration fees and other costs

relating to the actions authorized by this resolution; and (iv) notwithstanding any other Authority resolution, rule, policy, or procedure, to create, accept, execute, send, use, and rely upon such tangible medium, manual, facsimile, or electronic documents, records and signatures under any security procedure or platform, as in such Authorized Officer's judgment may be necessary or desirable to give effect to this resolution and to consummate the transactions contemplated herein. Without limiting the scope of such authorization, such documents may include lease-up and marketing agreements, management services agreements, development agreements, property management agreements, and housing assistance payment contracts. The adoption of this resolution does not constitute a guarantee or commitment that the transactions contemplated by this resolution will be consummated as described herein. The Authorized Officers are granted the discretionary authority to determine whether, when, and (subject to the terms of this resolution) on what terms to proceed with the transactions described herein and shall have the right to determine not to proceed with any portion of the transactions contemplated hereby for any reason including, if, in their judgment, the available terms or the risks associated with such transaction are unacceptable to the Authority.

Section 8. Execution of Duties and Obligations. The Board authorizes and directs the Authority's Executive Director to cause the Authority (whether acting on its own behalf or in its capacity as a limited partner of the Partnership) to fulfill the Authority's duties under the Transaction Documents.

Section 9. Increase in Authority Participation. The Authorized Officers, and each of them acting alone, are authorized to decrease the principal amount of any loan or capital contribution authorized by this resolution by any amount, and to increase the amount of any loan or capital contribution by the Authority by an amount up to \$500,000 more than the maximum amount for the loan or capital contribution stated in this resolution.

Section 10. Acting Officers Authorized. Any action authorized or directed by this resolution to be taken by the Executive Director of the Authority, may in the Executive Director's absence be taken by a duly authorized acting Deputy Director of the Authority or any other employee of the Authority that has been designated by the Executive Director or the Board to act in the Executive Director's absence. Any action authorized or directed by this resolution to be taken by the Chair of the Board may, in the absence of such person, be taken by the duly authorized acting Chair of the Board.

Section 11. Changes to Titles or Parties. While the titles of and parties to the various documents described herein may change, no change to such titles or parties shall affect the authority conferred by this resolution to execute, deliver, file (if required), enforce and perform the documents in their final form.

Section 12. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

Section 13. Severability. If any provision in this resolution is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall

be deemed separable from the remaining provision of this resolution and shall in no way affect the validity of the other provisions of this resolution.

Section 14. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

Dated this ____ DAY OF _____, 2024.

BOARD OF COMMISSIONERS OF THE
HOUSING AUTHORITY OF CLACKAMAS COUNTY

Chair

Secretary

EXHIBIT A

Partnership Documents

1. Amended and Restated Agreement of Limited Partnership
2. Guaranty Agreement
3. Development Agreement
4. Supervisory Management and Incentive Fee Agreement
5. Purchase Option and Right of First Refusal Agreement
6. Tax representation letter to Investors' counsel
7. Such other documents as required in connection with the closing of the admission of the Investors and the Authority to the Partnership and the investment by the Investors in the Partnership

Tax Credit Documents

1. 4% Low-Income Housing Tax Credit Reservation and Extended Use Agreement
2. 4% Tax Credit Allocation Indemnity and Hold Harmless Agreement
3. 4% Low-Income Housing Tax Credit Declaration of Land Use Restrictive Covenants
4. Tripartite Agreement, Subordination, and Declaration of Restrictive Covenants
5. Such other documents as required in connection with the LIHTCs

Real Estate Documents

1. Ground Lease Agreement
2. Memorandum of Ground Lease Agreement
3. Priority and Subordination Agreement
4. Permanent public and private utility easements required in connection with the construction and operation of the Project
5. Temporary construction license agreement to permit the Partnership to use land adjoining the Project site for storage and staging during construction of the Project
6. Temporary emergency vehicle access easement to provide access to the Project for emergency vehicles until the infrastructure improvements required in connection with the overall redevelopment are complete
7. Such other real estate documents are required in connection with the transfer of the property to the Partnership and the other transactions contemplated hereby

Governmental Note and Bank Documents

1. Oregon Housing and Community Services Department Housing Development Revenue Note (Hillside Park Buildings A&B Project)
2. Funding Loan Agreement
3. Borrower Loan Agreement
4. Housing Finance Note Declaration
5. Regulatory Agreement
6. Continuing Disclosure Agreement
7. Contingency Draw-Down Agreement

8. Construction Funding Agreement
9. Multifamily Note
10. Line of Credit Instrument Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing
11. Assignment of Security Instrument and Loan Documents
12. Ground Lessor Estoppel Certificate
13. Agreement of Environmental Indemnification
14. Assignment and Subordination of Developer Fees, Pledge and Security Agreement
15. Assignment of Management Agreement
16. Assignment of Project Documents
17. Assignment of Construction Contract
18. Assignment of Equity Interests, Pledge and Security Agreement
19. Assignment of Equity Investor Capital Contributions, Pledge and Security Agreement
20. Assignment of Agreement to Enter into a Housing Assistance Payments Agreement
21. Consent to Assignment of AHAP and HAP Contract as Security for Financing
22. Assignment of Architect's Agreement and Plans and Specifications
23. Replacement Reserve Agreement
24. Completion and Repayment Guaranty
25. Exceptions to Non-Recourse Guaranty
26. Authorization to Request Advances
27. Pass-Through Revenue Bond Program, Low Income Housing Tax Credit Program & Local Innovation and Fast Track Program Operating Agreement and Declaration of Restrictive Covenants
28. Tax Certificate and Agreement
29. IRS Form 8038
30. Such other documents as required in connection with the closing of the governmental note and Bank financing

County Loan Documents

1. Loan Agreement
2. Promissory Note
3. Declaration of Land Use Restrictive Covenants
4. Trust Deed, Assignment of Rents, Security Agreement and Fixture Filing
5. Such other documents as required in connection with the closing of the County Loan

Metro Loan Documents

1. Loan Agreement
2. Metro Bond Program Promissory Note
3. Regulatory Agreement
4. Line of Credit Leasehold Deed of Trust, Security Agreement, Fixture Filing and Assignment of Leases and Rents

5. Replacement Cost and Capital Improvement Reserve Agreement
6. Such other documents as required in connection with the closing of the Metro Loan

LIFT Loan Documents

1. Local Innovation and Fast Track Housing Program Operating Agreement and Declaration of Land-Use Restrictive Covenants
2. Repayment and Completion Guaranty Agreement
3. Local Innovation and Fast Track Housing Program Project Management Agreement
4. Line of Credit Trust Deed, Security Agreement, Fixture Filing and Assignment of Leases and Rents
5. Local Innovation and Fast Track Housing Program Promissory Note
6. Local Innovation and Fast Track Housing Program Loan Agreement
7. Local Innovation and Fast Track Housing Program Inter-Creditor Agreement
8. Such other documents as required in connection with the closing of the LIFT Loan

Miscellaneous

1. Agreement to Enter into a Housing Assistance Payments Contract New Construction or Rehabilitation
2. Section 8 Project-Based Voucher Program Housing Assistance Payments Contract New Construction or Rehabilitation