

# CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

## Sitting/Acting as HACC Board Policy Session Worksheet

**Presentation Date:** 3/1/16    **Approx Start Time:** 2:30 pm    **Approx Length:** 1 hour

**Presentation Title:** HACC Housing Development Update

**Department:** H3S/Housing Authority of Clackamas County (HACC)

**Presenters:** Richard Swift, Chuck Robbins

**Other Invitees:** Angel Sully, Rich Malloy

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Approval of the HACC Development Objectives as proposed

EXECUTIVE SUMMARY: Clackamas County, like the rest of the region, is in the midst of an affordable housing crisis. With rents at historic highs and vacancy rates at less than 2% our most vulnerable residents are faced with either rents they can no longer afford or eviction.

In a climate where demand is so much greater than the supply many residents are unable to find any housing they can afford. This is particularly troubling for Section 8 voucher holders. Voucher holders have the funds to rent a unit but are limited to units at or below the Fair Market Rent (FMR). FMR's are set by Housing and Urban Development (HUD) and should reflect the region's market rent levels. Unfortunately between 2012 and 2015 FMR's rose 1% a year, while market rents grew at about 11% a year. As a result Section 8 residents holding a voucher cannot find an affordable unit.

HACC has worked with other Public Housing Authorities to increase the FMR's in our region to a level that is in-line with current market rents. On Wednesday, Feb 3, HUD accepted the results of our rent study, FMR's in our region will rise by almost 28%. However, this is a two edged sword. While it will now be easier for Section 8 voucher holders to find a unit. HACC needs to expend more money per voucher resulting in fewer vouchers that can be granted.

HACC has been working on a long term plan to increase the number of affordable housing units in the County. In order to develop any new housing the County must raise capital that can be used to fill the funding gaps that exist in all affordable housing developments. A significant source for this local equity can be found in the value of the HACC owned property.

The Housing Authority of Clackamas County has an aging public housing portfolio that is becoming increasingly expensive to operate and maintain. Additionally there are significant HUD regulations which add to the problems of managing and preserving this housing. The majority of this property can be found in 4 large public housing developments:

- Clackamas Heights, Oregon City – 100 units on 20 acres – Built in 1938
- Oregon City View Manor, Oregon City – 100 units on 20 acres – Built in 1962
- Hillside Park, Milwaukie – 100 units on 20 acres – Built in 1942
- Hillside Manor, Milwaukie – 100 unit high-rise on 2 acres – Built in 1970

In order to sell or redevelopment Public Housing (PH) property HACC proposes to use the HUD Rental Assistance Demonstration (RAD) Program. This is a new program that converts Federal Public Housing operating and capital fund dollars to Section 8 Project-Based Vouchers (PBV) or Project-based Rental Assistance.

In anticipation of preparing a RAD application HACC has undertaken the following actions:

1. Hired a Real Estate broker to find and evaluate property suitable for the development of affordable housing.
2. Conducted a Green Physical Needs Assessment (GPNA) - In a model developed by HUD the GPNA evaluates the public housing units and determines the investment needed to maintain those unit to approved housing quality standards for a period of 20 years. To meet this standard GPNA results estimate that HACC would need to invest \$2,250,000 per year. HUD provides HACC with \$860,000 per year to maintain Public Housing units, which leaves an annual deficit of \$1,390,000.
3. Hiring a Development Coordinator to project manage all HACC development activities.
4. Solicitation of Financial Consulting services to help prepare and evaluate development proposals - The consultant is expected to assist in preparing the financial information in the RAD application, evaluate development pro-formas, and advise HACC on the cost/benefits of using the Authorities bonding capacity on large affordable housing projects.

In anticipation of changes in the HACC Public Housing portfolio and the construction of new affordable housing projects HACC proposes the following Development Objectives:

1. 4 to 1 replacement of any Public Housing unit sold or demolished
2. Long term physical and financial sustainability of HACC (Construction of new affordable units that generate \$500,000/year of new Operating Revenue)
3. Decentralization of low income housing
4. Develop housing that increases access to community services (e.g. social services, health care, transportation, youth programs, adult education & job training)
5. Increase the number of units that would be available to households at or below 30% of Area Medium Income.
6. Minimize relocation costs

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget?  YES  NO

What is the cost? \$ TBD

What is the funding source? TBD

STRATEGIC PLAN ALIGNMENT:

- How does this item align with your Department's Strategic Business Plan goals?  
Sustainable and Affordable Housing
- How does this item align with the County's Performance Clackamas goals?  
Ensure safe, healthy and secure communities

LEGAL/POLICY REQUIREMENTS:

PUBLIC/GOVERNMENTAL PARTICIPATION:

OPTIONS:

1. Approve the development objectives.
2. Modify the development objectives and approve.
3. Reject the development objectives.

**RECOMMENDATION:**

Staff recommends that the County adopt #1 - the development objectives. Adoption will enable H3S to continue the work to place the County in a position to meet current and future affordable housing needs, and ensure that the Housing Authority will continue to operate at the highest performance level.

ATTACHMENTS:

SUBMITTED BY:

Division Director/Head Approval \_\_\_\_\_  
Department Director/Head Approval \_\_\_\_\_  
County Administrator Approval \_\_\_\_\_

For information on this issue or copies of attachments, please contact <u>Chuck Robbins @ 503-650-5666</u>
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