

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS
Sitting/Acting as:
Board of Commissioners of the Housing Authority of Clackamas County

Study Session Worksheet

Presentation Date: 12/18/2018 **Approx Start Time:** 2:30 PM **Approx Length:** 1 hour

Presentation Title: Metro Bond Update, Introduce Stephen McMurtrey, Director of Housing Development and provide Housing Authority Project update

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

Presenters: Richard Swift, Chuck Robbins and Stephen McMurtrey

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

This is an informational session only, no board action is being requested.

EXECUTIVE SUMMARY:

Background:

1. In November of 2018 the voters of Clackamas, Washington, and Multnomah Counties approved a regional bond for the tri-county area in the amount of \$620MM specifically for the development of new affordable housing units; hereafter, the Metro bond. Clackamas County will receive approximately \$116MM in Metro bond money for housing development along with approximately \$2.4MM in administrative funding divided over the seven year expected term of the bond. Please see the accompanying attachment entitled: **Metro Bond White Paper**, for a distillation of the Metro bond goals and their respective implications for Clackamas County.
2. Attached is an outline of the Affordable Housing projects that HACC has in predevelopment and development.
3. We would like to introduce you to Stephen McMurtrey, the new Director of Housing Development for the Housing Authority of Clackamas County. Stephen has joined us after spending the last 10 years at Northwest Housing Alternatives as their Senior Housing Development Manager and then NHA's Housing Director. Stephen is a native resident of Clackamas County and has spent his career in the construction trades, real estate and development, and has been an impactful voice for affordable housing policy and development throughout the state of Oregon.

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget? YES NO

What is the funding source?

N/A; No County General Funds are involved.

STRATEGIC PLAN ALIGNMENT:

- How does this item align with your Department's Strategic Business Plan goals?

- Sustainable and Affordable Housing
- Efficient & effective services
- How does this item align with the County's Performance Clackamas goals?
 - Public trust through good government
 - Ensure safe, healthy and secure communities

LEGAL/POLICY REQUIREMENTS:

N/A

PUBLIC/GOVERNMENTAL PARTICIPATION:

N/A

OPTIONS:

N/A

RECOMMENDATION:

This is an informational session only, no board recommendations are being requested.

Respectfully submitted,

Richard Swift
 Director, Health, Housing, and Human Services

ATTACHMENTS:

- Metro Housing Bond White Paper
- HACC Housing Projects list

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval _____

County Administrator Approval _____

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

12/3/2018

Metro Housing Bond White Paper- *for informational purposes only*

The Metro-wide housing bond represents the opportunity for our region to radically invest in the development of new housing resources for some of our most vulnerable and historically marginalized citizens. For Clackamas County it represents the chance to shape the landscape of housing that will serve our communities affordable housing needs for decades to come.

Below is a quick distillation of the Metro Housing Bond Framework as well as some detailed explanation of how the proceeds headed to Clackamas County are expected to be utilized over the next seven (7) years.

Metro-Wide Goals:

1. *The Metro goal is to create affordable homes for about 12,000 people if a constitutional amendment is approved by Oregon voters in 2018, or 7,500 people if the amendment is not approved.*
 - Because the constitutional amendment did pass, the 12,000 people goal will remain. This goal is across the eligible metro region.
2. *This means Metro wants to create approximately 3,900 affordable homes with the constitutional amendment, or 2,400 homes without.*
 - Because the constitutional amendment did pass, the 3,900 homes goal will remain. This goal is across the eligible metro region.
3. *The Metro goal is to see approximately 1,600 homes created for households with 30 percent of area median or less if the constitutional amendment passes, or 1,200 homes for these households if the amendment does not pass.*
 - Because the constitutional amendment did pass, the 1,600 units for households at or below 30% AMI will remain. This goal is across the eligible metro region.
4. *The Metro goal is that at least half of the affordable homes created through the bond will have two to five bedrooms.*
 - This goal is across the eligible metro region.
5. *The Metro goal is that a maximum of 10 percent of the regional investment's affordable homes for people with 60 to 80 percent of area median income.*
 - This means that 90% of all units created will serve households below 59% of AMI in the strictest sense*. This goal is across the eligible metro region.
6. *Metro-wide goals are apportioned to the 3 counties based on the Assessed Value of property in the Metro boundary within each County. Approximately 45.5 percent of homes created through the bond would be in Multnomah County, 33.7 percent in Washington County and **20.8 percent in Clackamas County.***
- *Metro-wide goal for all funds to be allocated within seven (7) years.*
7. *A maximum of 5 percent of total bond proceeds, up to approximately \$32.6 million total over the life of the bond, will be used for Administration.*
8. *Up to 10 percent of total bond funding will be reserved for Metro to acquire regionally significant sites for affordable housing development that supports progress toward regional targets.*

*NOTE: Low Income Housing Tax Credits (LIHTC) will be the main tool to leverage bond resources to meet our unit goals. Under Section 42 of the IRS code, rents are allowed to extend up to 60% of area median income (AMI).

Estimated breakdown of the Metro Bond

ACTIVITY	BOND AMOUNT
Total Bond Amount	\$652.8 Million
5% Administration	\$32.6 Million
10% Metro Acquisition Program	\$65.3 Million
Available for Development	\$554.9 Million

The breakdown for Clackamas County bond proceeds:

\$115.4 MM (20.8% of bond amount Available for Development)

Share of Housing Targets	Unit Production Target	Targeted share of 30% or less AMI housing	Targeted share of 2 bedroom and larger units	Targeted share of units between 61% and 80% of AMI	Share of Admin funding over 7yrs.
20.8%	812	333	406	81	\$349,438/year

Eligible Activities for bond use

- Partners may build new affordable homes. They may also acquire, renovate and protect existing low-cost housing on the market which is at risk of rapidly increasing rents and displacement of current residents.
- Local partners and Metro may purchase land on which to build affordable homes. Affordable homes created through the bond may be owned by government and nongovernmental entities, such as non-profit community development corporations. 10% of the bond’s programmatic funds will be dedicated to Metro’s establishment of the strategic regional land acquisition program.
- Affordable homeownership programs are also eligible as part of local implementation. This is achievable because the constitutional amendment has passed.

Implementation and Oversight

- Regional goals and oversight will guide the bond but will be implemented primarily through the expertise of local jurisdictions. In the case of Clackamas County, bond proceeds will be issued through the Housing Authority of Clackamas County (HACC).
- Guidelines for cities and developers will be provided through a Local Implementation Strategy (LIS). The LIS must describe how project selection will:

- advance regional racial equity and affirmatively further fair housing, thereby ensuring that homes created help provide new opportunity to people of color, people with disabilities, seniors and others who have experienced historic discrimination in the housing markets.
- Create opportunities for workforce participation of Minority, Women, and Emerging Small Businesses (MWESB), as well as provide meaningful opportunities for workforce participation.
- Bond-funded investments will include screening criteria that reduce barriers for vulnerable communities to access housing opportunities.
- Partnerships with culturally specific organizations and community groups will inform project selection, design, marketing and service.
 - Marketing plans will seek to help immigrants and communities of color access affordable homes created through the bond.

Housing Development Report	12/5/2018
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Development Status*	Project	Description	Update Items (Past Month)	Upcoming Items	Total Cost	Cost/Unit	Funders
Application for 4% credits with OHCS	Hillside Manor	100 units of public housing in a 9-story tower, located in Milwaukie	Completed the CMGC RFP and will have our site walk with potential contractors in mid-December. Applying for financing with OHCS by end of December.	Await financing award and select general contractor.	\$18.5MM	\$ 185,000	LIHTC, OHCS, Clack Co., Others TBD
Pre-development	Hillside Park	100 units of scattered public housing bungalows, located in Milwaukie	Completed internal financing charrette. Working towards development modeling for future site layout.	Complete public master-planning process with stakeholder charrette after 1st of year 2019. Submitting revised RAD application in December 2018.	TBD	TBD	LIHTC, OHCS, Clack Co., Metro Bond
Pre-development	Clackamas Heights	100 units of scattered public housing bungalows, located in Oregon City	Signed IGA with Metro to begin master planning process.	Solidify consultants to assist with project development. Run RFP for architectural services in 1st quarter 2019. Continue working through options for redevelopment with HUD.	TBD	TBD	LIHTC, OHCS, Clack Co., Metro Bond, Debt
Pre-development	OCVM	100 units of scattered public housing bungalows, located in Oregon City	Coordinated meeting with site residents, HACC staff, and our relocation consultant for update to project timeline.	Continue working with HUD on path towards Section 18 approval.	TBD	TBD	LIHTC, OHCS, MMT, Clackamas Co, HACC, perm
Construction Closing	Pleasant Avenue	24 units serving veterans in Oregon City	Waiting for HUD approvals to the subsidy layering process to proceed with construction closing.	Close on construction financing in December of 2018 and start construction in 1st quarter 2019.	\$7.2MM	\$ 300,000	OHCS VGHAP, Clack Co HOME and CDBG, MMT, Home Depot foundation, FHLB
Construction	Rosewood Terrace	212 units serving households at 60% or less of AMI; unit configurations from 1 to 3 bedrooms	Project is currently under construction with lease up underway.	Complete construction and lease up process and begin process of converting to permanent financing.	\$65.6MM	\$ 309,559	LIHTC, OHCS, Clack Co HOME

*Please note there are 2 additional properties we are examining. The board has approved Option Agreements for both Holcomb and Gladstone. Both project are currently under due diligence pending potential acquisitions in 1st quarter 2019.