

TO: Gary Schmidt, County Administrator

FROM: Rodney Cook, Health, Housing & Human Services Director

DATE: August 16, 2022

RE: Shelter Acquisition Guide

Below is a Draft Shelter Acquisition Guide for the Board's review. This has been vetted with Clackamas County Department of Transportation and Development, Community Development and the Housing Authority. There are four major phases described below, but each phase may include additional activities not listed in this document. Staff is proposing using the below process to present acquisition opportunities to the Board.

Critically needed resources, some of which are time-limited, are available for the County to acquire shelter and serve targeted communities. Due to the time-limited nature of some of the resources, time is of the essence in identifying, selecting, and acquiring suitable sites to maximize the opportunity to further the County's goals. A summary of the available resources is listed in Attachment 2.

Phase 1: Establish Priorities and Resources

- Assessment of the need and establishment of goals to meet the need
- **BCC Direction:** Staff identify shelter type/model expansion to meet identified need
- Identify sufficient and suitable funding sources for capital acquisition and ongoing operations based on allowable uses and duration (i.e. one-time vs. ongoing)
- Identify which county entity should buy/own/operate the property
- Direct real estate broker to assess possible properties

Phase 2: Initial Feasibility Analysis

- Assess zoning for potential sites
- Use a Health Impact Assessment tool for a high level evaluation of criteria such as:
 - Safe access to transportation
 - Distance to basic amenities
 - Access to physical and mental health care services
- **BCC Direction:** Discuss proposed sites for property acquisition (executive session)
- Conduct outreach to city councilors and administrators and report back to BCC, if appropriate
- **BCC Direction:** Secure BCC authorization (public session)

Phase 3: Site Specific Engagement and Purchase Process

- Engage with the owner of the property and negotiate a Purchase and Sale Agreement (PSA)

- **BCC Decision Point:** Discussion and approval of PSA
- Begin Due Diligence period (See Attachment 1 - Due Diligence Checklist)
- Begin Community Engagement
- **BCC Decision Point:** Review due diligence results and proceed to closing if desired

Phase 4: Operations

- Engage with 3rd party operators and procure contracts for operations.

Attachment 1 – Due Diligence Checklist

HACC
Due Diligence Checklist (All Files Electronic if Available)

Folder	Underwriting Documents	Status	Comments
1	Due Diligence Checklist		
1	Loan Request Package / Preliminary Underwriting		
1	Credit Memo		
1	Underwriting Model		
1	Executed Application (including check deposit form)		
1	Executed Commitment Letter (if applicable)		
1	Executed Rate Lock Agreement (if applicable)		
Property Information - Income			
2	Occupancy History (last 3 years)		
2	Trailing 12 Months Operating Statements (monthly)		
2	Last 5 Years Operating Statements		
2	Current Operating Budget		
2	Commercial Leases		
Property Information - Expenses			
3	Real Estate Tax Bills (last 3 years)		
3	Property Tax Abatement Schedule		
3	Current Property & Liability Insurance Certificates (including premiums statement)		
3	Insurance Review & Insurance Broker Contact Information		
3	Schedule of Service Contracts with Major Vendors (including actual contracts)		
3	Property Management Agreement (if applicable)		
3	Schedule of On-Site Employees (listing position, salaries & benefits)		
3	Schedule of Capital Expenditures (last 3 years & future)		
Property Information - General			
4	Property Site Plan & Floor Plans		
4	Property Marketing Material		
4	Property Business and/or Plan		
Property Information - Legal			
5	Ground Lease & Abstracts (if applicable)		
5	Description of Pending or Outstanding Litigation Related to the Property		
5	Certificates of Occupancy		
5	Executed Estoppel Certificates & SNDAs (as applicable)		
5	Zoning Report / Zoning Compliance Evidence (if applicable)		
5	Reciprocal Easement Agreement (if applicable)		
Third Party Reports			
6	Appraisal	ESCROW	
6	Engineering Report	ESCROW	
6	Environmental Report / Environmental Counsel Review	ESCROW	
6	Phase II / O&M Plans	ESCROW	
6	Seismic Report	ESCROW	
6	Termite Inspection Report (multi-family only)	ESCROW	
Hotel Specific Information			
7	Franchise Agreement / Franchise License / Franchise Company Comfort Letter		
7	Franchise Quality Assurance Reports (last 2 reports)		
7	Property Improvement Plan (PIP)		
7	Occupancy / ADR / RevPar by Month (last 5 years)		
7	Operating Licenses - Hotel / Pool / Liquor / Misc		
7	FF&E Inventory, Summary of Leased Equipment & Leases		
7	Outstanding Insurance Claims History		

Attachment 2 – Summary of Available Resources

- **Project Turnkey 2.0 – Anticipated to be approximately \$5.0 million (time-limited opportunity)** – Can be used for the acquisition and/or renovation of motels/hotels for use as non-congregate emergency shelter.
- **Metro Housing Bond Interest Proceeds – Approximately \$5.0 million (time-limited opportunity due to possibility of Metro repurposing funds)** – Can be used for acquisition (and possibly renovation) of emergency shelter or bridge housing with eventual conversion to permanent housing.
- **State of Oregon HB 5202 – \$2.0 million** – Can be used for acquisition, renovation, and/or operations of emergency shelter, sanctioned camping, safe park sites, and navigation centers, in addition to hygiene and outreach services. Allocated for the biennium ending June 30, 2023 – actual spend down date TBD.
- **State of Oregon HB 5202 – \$4.7 million** – Can be used for acquisition, renovation, and/or operations of short-term or permanent housing options for the Aid and Assist population to support individuals to be restored in the community rather than the State Hospital. Allocated for the biennium ending June 30, 2023 – actual spend down date TBD.
- **Metro Supportive Housing Services Funds – Amount TBD** – Possibility of Board decision to use revenue in excess of budgeted amount to fund one-time investment. No restrictions on use, other than general allowability under the SHS Measure.

Total available at this time: Approximately \$16.0 - \$20.0 million