

May 9, 2024

BCC Agenda Date/Item: _____

Housing Authority Board of Commissioners
 Clackamas County

Approval of Resolution 1984 authorizing the formation of partnership entities, providing predevelopment loans to the Limited Partnership, and conducting other predevelopment activities to support the redevelopment of Clackamas Heights in alignment with the Housing Authority’s repositioning strategy. Total predevelopment loans will not exceed \$3,000,000 and will be reimbursed at construction closing. Loan funds may include Local, State, and Federal sources. No County General Funds are involved.

Previous Board Action/Review	January 18, 2024 – Board approval for 2040 Metro Grant funding January 18, 2024 – Board approval for award of contract for predevelopment activities with Bora January 24, 2024 – Board approval for repositioning strategy May 7, 2024 – Item 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 the adoption of a Resolution to support the Clackamas Heights Redevelopment Project. The Resolution authorizes the formation of necessary legal entities, the development and execution of predevelopment loans to the Limited Partnership not to exceed \$3,000,000, and the Executive Director of the Housing Authority to conduct necessary predevelopment activities to advance the project toward construction closing in alignment with the Board approved repositioning strategy.

Overview of Clackamas Heights:

Clackamas Heights is a 16.5-acre area in Oregon City, comprised of 100 public housing units as well as the Housing Authority’s offices and storage buildings. The homes were built in the 1940s and are in desperate need of replacement. In order to remove public housing restrictions and leverage additional financing to support, the Housing Authority will be repositioning the property through the US Department of Housing and Urban Development (HUD) Section 18 disposition process.

The Housing Authority plans to redevelop Clackamas Heights into a vibrant, affordable housing community with up to 250 new homes, green spaces, and community amenities. The Authority is calling this new community the Park Place Redevelopment and once complete, it will

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be able to accommodate all residents currently residing at the Clackamas Heights and Oregon City View Manor public housing communities who are interested in living in the new Park Place community.

With development of the preferred site plan underway, the formation of the partnership entities and the funding of a predevelopment loan to the Partnership are the next steps in the predevelopment process. Predevelopment activities include applying for funding to support the project, structuring of financing for the project, and the design and development project, including, but not limited to: (i) seeking and selecting a construction manager general contractor (CMGC) and negotiating the terms of a general contractor and construction management agreement with the CMGC; (ii) negotiating contracts relating to the architectural design and management of the project; and (iii) obtaining third party reports with respect to the project, including, but not limited to, appraisals, market studies, environmental reports, and mold and toxicity tests.

The predevelopment period concludes at construction closing, which is currently scheduled to occur after resident relocation is complete, in early 2026. At construction closing, the tax credit partnership will reimburse the Housing Authority for predevelopment loans authorized by this Resolution.

If approved, Housing Authority staff will work in tandem with its development consultant, Brawner, to advance the redevelopment project. The Park Place Redevelopment project is currently structured with the Housing Authority of Clackamas County serving as the project developer and Brawner serving as the development consultant. This structure will provide the Housing Authority with more control, property cash flow, and long-term ownership of the project. Brawner's expertise will extend the capacity of the Authority's existing development staff and assist with all predevelopment activities. Brawner will also support staff with lender/investor selection, construction closing, construction management, accounting, asset management, and project close out to ensure the Authority is successful in this endeavor.

The Housing Authority has reserved \$15,000,000 in Regional Affordable Housing Bond funds to support the project and will use these funds to leverage with other funding sources including Low-Income Housing Tax Credit equity and tax-exempt bonds. Staff is committed to providing ongoing updates to the Board as the project progresses. The next Board update will include a preview of the preferred site plan for the redeveloped Clackamas Heights property. The preferred site plan was designed by Bora and Place Architects and derived through a comprehensive community engagement process that included extensive input from the Community Advisory Committee and Oregon City. Funding for the site plan was supported by a 2040 Planning Grant from Metro.

Approval of this Resolution authorizes the formation of a limited liability company and a limited partnership, development, and execution of predevelopment loans to the limited partnership not to exceed \$3,000,000, and other predevelopment activities necessary to advance the project toward construction closing. It authorizes the Executive Director of the Housing Authority to secure funding and take the necessary steps to progress the project on the projected timeline, in alignment with Board direction and community input.

The approval of this Resolution does not authorize the Authority to enter into any additional financial obligations outside of predevelopment loans up to \$3,000,000 to the Limited Partnership and does not

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authorize transactions related to the Park Place real estate closing. As the project progresses toward closing, Housing Authority staff will bring additional financing options and plans for the transaction closing to the Board for consideration.

RECOMMENDATION: Staff respectfully recommends the Board approve the adoption of Resolution 1984 authorizing the formation of necessary legal entities, predevelopment loans to the Limited Partnership not to exceed \$3,000,000, and the Executive Director of the Housing Authority to conduct necessary predevelopment activities to advance the project toward construction closing for the Redevelopment of Clackamas Heights, aka. Park Place Redevelopment, in alignment with the Board approved repositioning strategy.

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 (1) participation in the formation of a limited liability company and a limited partnership, (2) one or more predevelopment loans to such limited partnership,(3) applications for funding, and (4) other predevelopment activities, all in connection with the anticipation construction of a residential rental housing project to be located at property currently known as Clackamas Heights.



RESOLUTION NO. 1984

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BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY 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)); (iii) “sell, mortgage, lease, rent, transfer, assign, pledge or otherwise dispose of any real property or any interest therein” (ORS 456.120(11)); (iv) “form, finance and have a nonstock interest in, and to manage or operate, partnerships, nonprofit corporations and limited liability companies in order to further purposes of the housing authority” (ORS 456.120(20)) and “enter in 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)); (v) “finance, develop, own, operate or manage a mixed income housing project” if certain requirements are met (ORS 456.120(19), ORS 456.153); (vi) “borrow money pursuant to [the Housing Authorities Law] or as otherwise allowed and accept advances, loans or grants or any other form of financial assistance or any combination of these forms of assistance from the federal government, state, county or other public body, or from any sources, public or private, for the purpose of undertaking and carrying out housing projects” (ORS 456.120(17)); (vii) “make and execute contracts and other instruments necessary or convenient to the exercise of the powers of the authority” (ORS 456.120(4)); and (viii) “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)), “mixed income housing” means “a housing project that houses tenants with a mixture of income levels, including those not of lower income, for the purpose of reducing the rents for tenants whose incomes are no greater than 60 percent of the area median income” (ORS 456.055(10)), and “person of lower income” or “family of lower income” means a person or a family residing in the State of Oregon “whose income is not greater than 80 percent of area median income, adjusted for family size” (ORS 456.055(14)).

(b) The Project. The Authority expects to participate in the acquisition (for federal tax purposes), development, construction, equipping, operation, and maintenance of a residential rental housing project to be located in the vicinity of 13930 S. Gain Street, Oregon City, Oregon (“Project”), and currently known as Clackamas Heights. The total financing for the Project is expected to require the use of various funding

sources, including tax-exempt obligations, low-income housing tax credits, loans from public and private lenders, and grants. Certain of these sources will require the creation of a limited partnership and/or limited liability company.

(c) Determination of Need. Based on its consideration of the funding sources available for the Project, the need for affordable housing, and other matters, the Board deems it necessary to proceed with the transactions described in this resolution, and that financing provided by the Authority for the Project is important for the Project's feasibility and is necessary to enable the Authority to carry out its powers and purposes under the Housing Authorities Law. 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 or 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, which may be a mixed income housing project.

Section 2. Formation of Company. The Authority is authorized to participate in the formation of, and become the sole member in, an Oregon limited liability company (the "Company"). The Authority's Executive Director, and their designees (each, an "Authorized Officer" and, collectively, the "Authorized Officers"), and each of them acting alone, are authorized on behalf of the Authority to: (i) determine the forms of, execute, deliver and file (or cause to be executed, delivered and filed), the extent required by law, an operating agreement, a certificate of formation, and all such forms, certificates, applications and other documents that are necessary to form the Company; (ii) determine the name of the Company (it being understood that the words "Park Place HACC LLC" should appear in the name to the greatest extent feasible); and (iii) take any other action that they deem necessary and advisable to give effect to this resolution and the transactions contemplated herein.

Section 3. Formation of Partnership. The Authority is authorized to participate in the formation of an Oregon limited partnership (the "Partnership"), cause the Authority to become the sole general partner in the Partnership, and cause the Company to become the initial limited partner in the Partnership. The Board intends that the Partnership will acquire, develop, construct, equip, operate, and maintain the Project, and receive low-income housing tax credits in connection therewith. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority to: (i) determine the form of, execute, deliver and file (or cause to be executed, delivered and filed), to the extent required by law, a partnership agreement, a certificate of limited partnership, and all such forms, certificates, applications and other documents that are necessary to form the Partnership; (ii) determine the name of the Partnership (it being understood that the words "Park Place Redevelopment LP" should appear in each name to the greatest extent feasible); and (iii) take any other action that they deem necessary and advisable to give effect to this resolution and the transactions contemplated herein. The Authority's Executive Director is delegated the authority to determine in their discretion, that the Partnership shall instead be created as an Oregon limited liability company, in which case all references in this resolution to limited partnership, partnership agreement, general partner, limited partner, and certificate of limited partnership with respect to such entity shall be deemed to be references to limited liability company, operating agreement, managing member, investor member, and certificate of formation, respectively.

Section 4. Predevelopment Loans. The Authority is authorized to make one or more predevelopment loans (collectively, the "Predevelopment Loans") to the Partnership in a maximum combined principal amount of \$3,000,000 to finance all or a portion of the predevelopment costs associated with the Project. The Authorized Officers, and each of them acting alone, are authorized to determine the number of Predevelopment Loans, the principal amount of each Predevelopment Loan (subject to the limitations set forth herein), the interest rate(s) applicable to each Predevelopment Loan, and the other

terms of the Predevelopment Loans, which shall be set forth in the Predevelopment Loan Documents (as hereinafter defined). The Authorized Officers, and each of them acting alone, are further authorized on behalf of the Authority to determine the source (or sources) of funds for each Predevelopment Loan. The Authorized Officers, and each of them acting alone, are authorized and directed to 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, as general partner of the Partnership, and/or as the sole member of the Company) a predevelopment loan, security and regulatory agreement and a predevelopment loan note (together, the "Predevelopment Loan Documents") in such forms as any Authorized Officer may approve (with the understanding that an Authorized Officer's signature on a Predevelopment Loan Document shall be construed as the Authority's approval of such Predevelopment Loan Document); and (ii) any other documents reasonably required to be executed by the Authority, the Partnership, and/or the Company to carry out the transactions contemplated by the Predevelopment Loan 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, as general partner of the Partnership, and/or as the sole member of the Company under the provisions of or as necessary to carry out the transactions contemplated by the Predevelopment Loan Documents.

Section 5. Applications for Funding, Etc. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority (in its individual capacity, in its capacity as the general partner of the Partnership, and/or in its capacity as the sole member of the Company) to: (i) apply for, and enter into contracts relating to, such funding for the Project as they deem necessary or desirable, including without limitation public and/or private sector financing, an allocation of private activity bond volume cap from the Private Activity Bond Committee of the Debt Management Division of the Oregon State Treasury and/or a suballocation of volume cap for the Bonds from Oregon Housing and Community Services, as applicable, and other federal, state and local funds; (ii) apply for any and all necessary approvals from the U.S. Department of Housing and Urban Development; (iii) lend or grant all or any portion of the money derived from such funding sources to the Partnership, and/or cause any contracts relating to such funding to be assigned to the Partnership; (iv) apply to Oregon Housing and Community Services for an allocation of (or approval of the use of) low income housing tax credits for all or a portion of the Project (depending on whether the Authorized Officers determine to pursue "9%" tax credits, "4%" tax credits), enter into such agreements (including a credit reservation and carryover allocation contract), provide such documents necessary to secure such allocation(s) (or approval(s)), and cause such allocation(s) (or any portion(s) thereof) to be assigned to the Partnership if the allocation(s) initially are made to the Authority; (v) seek and approve investors to serve as subsequent limited partners in the Partnership in connection with the receipt of low income housing tax credits for the Project; (vi) negotiate with potential investors regarding their acquisition of limited partnership interests in the Partnership; (vii) seek and approve purchasers of any bonds to be issued for the Project, and negotiate with potential purchasers regarding the terms of such financing; and (viii) otherwise execute the Authority's rights under the partnership agreement.

Section 6. Predevelopment Activities. The Authorized Officers, and each of them acting alone, are further authorized and directed to take all necessary and appropriate action in connection with the structuring of financing for the Project and the design and development Project, including, but not limited to: (i) seeking and selecting a construction manager general contractor (the "CMGC") and negotiating the terms of a general contractor and construction management agreement with the CMGC; (ii) negotiating contracts relating to the use, management and naming of buildings in the Project; and (iii) obtaining third party reports with respect to the Project including, but not limited to, appraisals, market studies, environmental reports, and mold and toxicity tests.

Section 7. Supplemental Authorization. The Authorized Officers, and each of them acting alone, are hereby directed, and granted the discretionary authority, to execute and deliver any and all other certificates, documents, agreements and instruments that are necessary or appropriate in their discretion to give effect to this resolution and to consummate the transactions contemplated herein, including, but not limited to, any development services agreement between the Partnership and the Authority (and/or others) providing for the development of the Project, contracts with architects, engineers and other consultants, and construction contracts.

Section 8. Necessary Expenditures. The Authority is authorized 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.

Section 9. Execution of Duties and Obligations. The Board authorizes and directs the Authority's Authorized Officers to cause the Authority to fulfill the Authority's duties and obligations under the documents described herein.

Section 10. Acting Officers Authorized. Any action authorized or required by this resolution to be taken by the Authority's Executive Director may, in such a person's absence, be taken by the Housing Development Director of the Authority.

Section 11. Changes to Titles or Parties. While the titles of and parties to the 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. All actions of the Authority and 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 provisions of this resolution and shall in no way affect the validity of the other provision 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