



**Richard Swift**  
*Director*

August 6, 2020

Housing Authority Board of Commissioners  
Clackamas County

Members of the Board:

Resolution No. 1949 authorizing the Housing Authority of Clackamas County to execute documents to transfer ownership of Arbor Terrace to  
Farmworker Housing Development Corporation

<b>Purpose/Outcomes</b>	Authorize the Housing Authority of Clackamas County to execute documents to transfer ownership of Arbor Terrace to Farmworker Housing Development Corporation (FHDC)
<b>Dollar Amount and Fiscal Impact</b>	No fiscal impact to the Housing Authority No County General Funds
<b>Funding Source</b>	U.S. Department of Agriculture (USDA) under the 515 Rural Development No County General Funds
<b>Duration</b>	N/A
<b>County Counsel</b>	N/A
<b>Previous Board Action</b>	The Arbor Terrace Transfer of Ownership was presented to the HACC board in a policy session on July 28, 2020
<b>Strategic Plan Alignment</b>	1. Sustainable and affordable housing 2. Individuals and families in need are healthy & safe 3. Ensure safe, healthy and secure communities
<b>Counsel Review</b>	N/A
<b>Procurement Review</b>	N/A
<b>Contact Person</b>	Jill Smith, Executive Director, Housing Authority 503-742-5336
<b>Contract No.</b>	N/A

#### **BACKGROUND:**

The Housing Authority of Clackamas County (HACC), a Division of the Health, Housing and Human Services Department, requests approval to transfer ownership of Arbor Terrace, a farmworker housing development located in Molalla, Oregon to Farmworker Housing Development Corporation (FHDC).

HACC developed the property in 1992 with the assistance of CASA of Oregon, a non-profit specializing in the farmworker housing. CASA procured the project's financing through the U.S. Department of Agriculture (USDA) under the 515 Rural Development Program (RD). Arbor Terrace is the only RD development in HACC's portfolio. The regulatory and compliance costs of owning, operating, and maintaining a one-off RD project have become financially cumbersome. As a result, it is in the best interest of HACC to transfer the property to a non-profit organization with experience in the specialized management, service, and outreach necessary for successful ownership of this property and its farmworker housing population.

A sale of Arbor Terrace is not an option under the property use restrictions set by USDA. Once a farmworker property is developed and established the use restriction remains in place unless the demand for farmworker housing in its respective market area diminishes to the point where it is not economically feasible to restrict leasing of apartments to qualified farmworkers.

The Transfer of USDA properties is common and the process for transfers is specified in USDA's program regulations. The first step of the process is to complete the transfer application and submit it to the USDA Field Office for review. There are six "Acceptable Reasons" for a transfer to be considered by USDA and the application must meet at least one of these reasons. Arbor Terrace meets three of these thresholds: 1) the need for physical and financial revitalization; 2) the transfer will do no harm to Rural Development or tenants; 3) other circumstances exist which make the transfer in the best interest of the Government and the tenants of the project. The remainder of the application is a matter of providing the documentation that the transferee is qualified to and has the capacity to take ownership of the property and operate it according to USDA regulations.

HACC conducted a Request for Proposals (RFP) process to seek interest from a potential transferee(s). Although three farmworker housing entities were solicited only the Farm Worker Housing Development Corporation (FHDC) located in Woodburn responded to the RFP. FHDC exceeded the minimum qualifications specified in the RFP and was the unanimous choice by the review committee to acquire the property through the USDA transfer process. These qualifications included: 1) At least three years' experience in owning and managing farmworker housing; 2) ownership of at least 100 units of farmworker housing; 3) experience and success with redevelopment or rehabilitation of farmworker housing; 4) experience with successful resident services programs for farmworker families; and 5) strong fiscal management and clean audits. Through their response to the RFP, FHDC provided strong evidence of their experience with all major aspects of owning, managing, operating and providing resident services in farmworker housing. In addition, FHDC demonstrated their ability to meet the "Acceptable Reasons" for transfer noted above given their experience in development and redevelopment and the capacity to provide services to the property's residents.

**RECOMMENDATION:**

HACC recommends the approval to move forward with transferring Arbor Terrace Apartments to the Farmworker Housing Development Housing Corporation. In addition, HACC requests the Board Chair sign the resolution and authorize Jill Smith, HACC Executive Director, to sign the legal documents necessary to complete this transaction on its behalf.

Respectfully submitted,



*Richard Swift, HHS Deputy / For*

Richard Swift, Director  
Health, Housing & Human Services

**ATTACHMENTS:**

- Resolution 1949
- Exhibits Packet

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

In the Matter of Authorizing the execution and delivery of all transfer documents related to the transfer of ownership from Housing Authority of Clackamas County to Farmworker Housing Development Corporation



Resolution No. 1949  
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WHEREAS, the Housing Authority of Clackamas County ("Authority") works to provide affordable multifamily housing for persons and families of lower income pursuant to Oregon Revised Statutes ("ORS") 456.005 through 456.235; and,

WHEREAS, the Authority owns Arbor Terrace Apartments ("Arbor Terrace") located at 127 N. Cole Street, Molalla, OR, 97038, a 25 unit farmworker multifamily property funded and regulated by the U.S. Department of Agriculture (USDA); and,

WHEREAS, under USDA regulations the property may not be sold but may be transferred to a qualified farmworker entity as approved by the USDA; and,

WHEREAS, it has been determined that it is the best interest of the Authority and the residents of Arbor Terrace to transfer the property to a farmworker housing entity that has the expertise and capacity to better serve the property and its residents; and ,

WHEREAS, through a Request for Proposals (RFP) process it has been determined that the Farmworker Housing Development Corporation of Woodburn, Oregon is the best qualified entity to receive the transfer and become the owner of Arbor Terrace ; and,

WHEREAS, such transfer would not result in a financial loss or burden upon the Authority and would benefit the Authority and the residents of Arbor Terrace; and,

WHEREAS, the transferee will process the application to USDA to receive and obtain ownership of Arbor Terrace; and,

WHEREAS, the documents necessary to process the transfer will be prepared and reviewed by the Authority's staff and legal counsel after USDA approval of the transfer of ownership; and,

WHEREAS, upon final approval and execution of the documents to transfer ownership of Arbor Terrace to the Farmworker Housing Development Corporation of Woodburn, Oregon:

**NOW, THEREFORE, BE IT RESOLVED BY THE AUTHORITY**

Section 1. Authorization to Execute Transaction Documents. The Authority is authorized in its own right to execute, acknowledge and deliver such documents necessary to transfer Arbor Terrace to the Farmworker Housing Development Corporation of Woodburn, Oregon.

Section 2. Delegation. The Chair of the Board of the Housing Authority of Clackamas County or, if the Chair is not available, the Director of Health, Housing and Human Services for Clackamas County, the Executive Director of the Authority or the Director of Housing Development (each of whom is referred to in this resolution as a "Director") may, on behalf of the Authority and without further action by the Board: Finalize the terms of, and execute, acknowledge and deliver the Assignment of Option and Transaction Documents. Before executing and delivering the Transaction Documents, the Director may, after consulting with transaction counsel, make changes to those documents that are reasonable and necessary in the Director's discretion to facilitate the closing of the transaction as contemplated in the Transaction Documents. However, the changes authorized by the preceding sentence shall not materially change the Transaction Documents.

NOW, THEREFORE, BE IT RESOLVED, that the Chair or one of the Directors may finalize negotiations, execute, acknowledge and deliver USDA approved transfer of ownership Documents and any other documents and take any actions that are necessary or desirable to complete the conveyance of Arbor Terrace Apartments to the Farmworker Housing Development Corporation of Woodburn, Oregon. This Resolution and Order.

**DATED** this 6 day of August, 2020

**BOARD OF COUNTY COMMISSIONERS OF THE  
HOUSING AUTHORITY OF CLACKAMAS COUNTY, OREGON**

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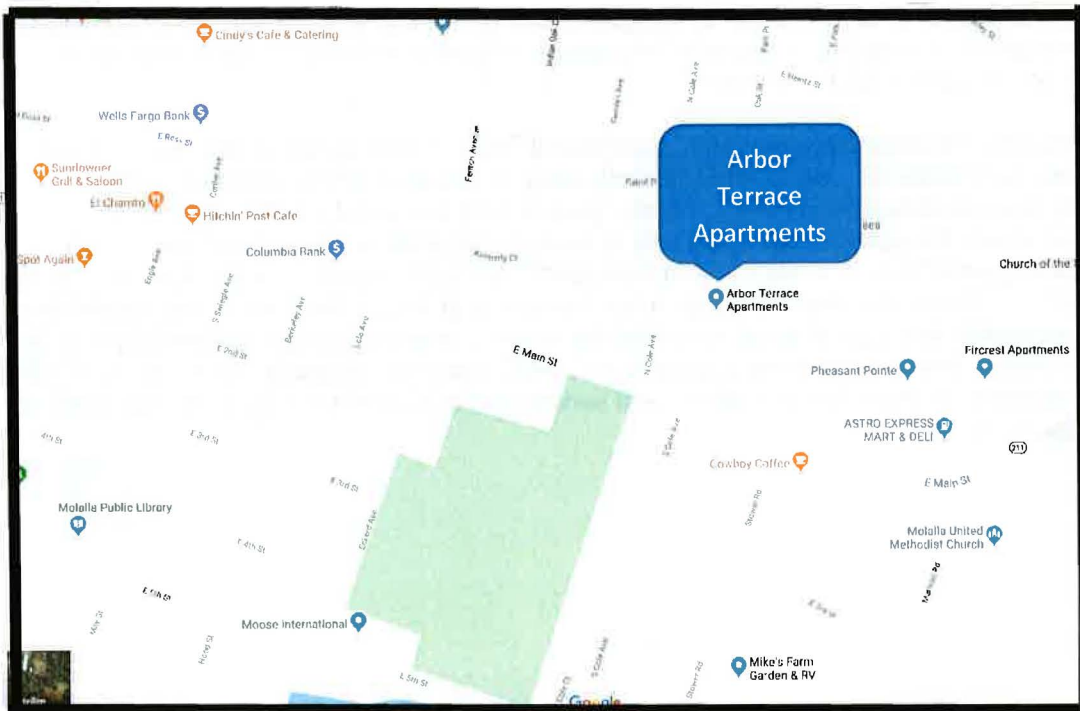
Chair

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Recording Secretary

# EXHIBIT A - Location Map

**Arbor Terrace Apartments**  
**127 N. Cole Street**  
**Molalla, OR 97038**



## EXHIBIT B

### **Summary of Qualifications for Transfer of USDA Farmworker Property**

The administrative rules of the USDA farmworker program are contained in USDA Handbook HB-3-3560, Attachment 7-B-1 (see attached). The first step of the process is to complete the transfer application and submit it to the USDA Field Office for review. There are six "Acceptable Reasons" for a transfer to be considered by USDA and the application must meet at least one of these reasons. This project meets three of these thresholds: 1) the need for physical and financial revitalization; 2) the transfer will do no harm to Rural Development or tenants; 3) Other circumstances exist which make the transfer in the best interest of the Government and the tenants of the project. The remainder of the application is a matter of providing the documentation that the transferee is qualified to and has the capacity to take ownership of the property and operate it according to USDA regulations.

The Farmworker Housing Development Corporation (FHDC) noted earlier in this report clearly meets these qualifications. FHDC will effectively take on the work of the application with supporting documentation from HACC. Finally, please note this is not a typical real estate transaction where the intent is sell a property at reasonable profit or just to break even. Further this transfer of ownership of Arbor Terrace from HACC to FHDC does not result in an economic loss to HACC. Similar to Public Housing, Arbor Terrace is at best a break even real estate asset. The reason to own this type of asset is to fulfill the mission of providing farmworker housing. As explained above, this mission is not a good fit for HACC however, is clearly the mission of FHDC and the residents of Arbor Terrace will be best served by FHDC given the purpose and scale of their business model.

## EXHIBIT C

### Excerpt on USDA Transfer Process

#### Action Step:

- 1) Applicant completes Preliminary Analysis and schedules Initial Consultation with designated RD Loan Servicer
- 2) Initial Consultation with Applicant, Seller, and other key participants having significant roles in the transaction such as other lenders, grantors, etc.
- 3) Application Provided by Applicant preliminary review starts; RD completeness review of application completed within 14 business days. Incomplete applications will be returned to applicant and processing does not begin until the complete application is received.
- 4) Request Underwriter Review - Detailed review by Underwriter commences and processing starts. Status updates provided to applicant within every 30 business days the application is in process at RD. If additional clarification or other materials are needed, the application will be considered incomplete and it will be returned to the applicant for resolution. Unsatisfactory submissions will be returned as incomplete or rejected.
- 5) Submit application to RD HQ for Authorization. Upon completion of the Underwriter's detailed review, the application will be submitted to HQ. Within 10 business days, HQ determines if the transfer may be authorized. If the transfer requires additional information from the applicant, the application is returned to the state office for continued processing.
- 6) Agency Decision - Communicate to Applicant within 45 business days (single property) / 75 days (multiple properties) - Processing for approval is limited to the periods shown and does not include delays beyond the underwriter's immediate control.
- 7) Prepare Approval Conditions for Signature of Applicant - Within 15 business days of Agency Decision written approval conditions sent to applicant for acceptance
- 8) Coordinate Closing Instructions and OGC Loan Document Approval.
- 9) Schedule and Close Transfer.
- 10) Complete post-closing review and verification that approval and closing conditions have been met.