

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

**Study Session Worksheet**

**Presentation Date:** 06/18/2019 **Approx Start Time:** 11:00 AM **Approx Length:** 30 minutes

**Presentation Title:** Metro Housing Bond – Local Implementation Strategy (LIS)

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

**Presenters:** Jill Smith, and Martha McLennan

**Other Invitees:** Elizabeth Miller

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Board feedback on the Metro Housing Bond Local Implementation Strategy

EXECUTIVE SUMMARY:

**Background:**

On June 7, 2018, the Metro Council adopted Resolution No. 18-4898 “For the Purpose of Referring to the Metro Area Voters a Ballot Measure Authorizing General Obligation Bond Indebtedness in an Amount Not to Exceed \$652.8 Million to Fund Affordable Housing; and Setting Forth the Official Intent of the Metro Council To Reimburse Certain Expenditures Out of the Proceeds of said Bonds Upon Issuance” (the “Regional Housing Measure”).

On June 7, 2018, the Metro Council also passed Resolution No. 18-4895 “For the Purpose of Adopting the Metro Chief Operating Officer Recommendation Regarding Regional Investment Strategy: Affordable Homes for Greater Portland,” providing direction to Metro staff for the planning and implementation of the Regional Housing Measure with jurisdictional partners and the community.

Subsequent to the actions listed above, voters in Clackamas, Washington, and Multnomah Counties approved in November of 2018, the creation of a Metro Affordable Housing Bond in the amount of \$652.8 Million for the acquisition and new construction of affordable housing units throughout the Metro Urban Growth Boundaries of each jurisdiction (UGB).

Pursuant to the requirements of the Metro Affordable Housing Bond Framework, adopted by Resolution No. 19-4956 by Metro Council on January 31, 2019, the attached Local Implementation Strategy (LIS), in its DRAFT form, is a necessary step to establish Clackamas County’s strategy for implementing bond resources throughout the applicable boundary within our County. In addition to the Local Implementation Strategy an IGA is being drafted by Metro which should be going before County Council for review in the coming weeks.

**Next Steps**

- Bring the Local Implementation Strategy and the DRAFT IGA to the Board on July 9<sup>th</sup> for follow up comments and review;
- Bring the Local Implementation Strategy and the IGA to the Board on July 16<sup>th</sup> for final comments and authorization to submit to Metro for review;

- Submit Local Implementation Strategy/IGA to Metro for Review by July 24<sup>th</sup> (tentative);
- Metro Community Oversight Committee review of Local Implementation Strategy to occur on August 7, 2019 (tentative);
- Metro Council approval of Local Implementation Strategy on September 5, 2019
- HACC Board final County approval at regularly scheduled September 19, 2019 meeting

**FINANCIAL IMPLICATIONS (current year and ongoing):**

Is this item in your current budget?  YES  NO

What is the funding source?  
Metro Affordable Housing Bond

**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 for the LIS. However, the LIS is intended to be part of a to-be-executed Intergovernmental Agreement (IGA) with Metro.

**PUBLIC/GOVERNMENTAL PARTICIPATION:**

Participation with Metro through an Executed Intergovernmental Agreement of which the LIS will be an Exhibit to.

**OPTIONS:**

1. Accept Local Implementation Strategy as is
2. Recommend changes to the Local Implementation Strategy

**RECOMMENDATION:**

Staff recommends the Board of County Commissioners review and provide feedback regarding the LIS, as necessary.

Respectfully submitted,

Richard Swift  
Director, Health, Housing, and Human Services

**ATTACHMENTS:**

- Local Implementation Strategy

**SUBMITTED BY:**

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

**Clackamas County**  
**Local Implementation Strategy (LIS)**  
**Metro Affordable Housing Bonds**

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## **I. Introduction**

Clackamas County sits south of the Portland metro area in the Willamette Valley and in the shadow of Mt. Hood. Here we have national forests, hideaway lakes, winding rivers, thriving agriculture, bustling cities, and small town communities.

We're a county with a rich history dating back to 1843 when the early settlers created the four original districts that made up Oregon, naming Clackamas County after the Clackamas Indians.

Today, our county covers nearly 1,900 miles with a little more than 400,000 residents, making us the third largest county in the state by population.

More than half of our residents live in 16 cities; the rest live in unincorporated areas. We are a county of diverse and welcoming communities, where all residents are essential. Diversity, equity, and inclusion are of great importance in our county, but due to the high cost of housing and increasing wage gap, many residents increasingly struggle to remain housed.

This Local Implementation Strategy (LIS) aims to sustain Clackamas County's livability, particularly for those most in need. This LIS will serve as a guide for the county and our partnering communities as we create affordable housing using the Metro Affordable Housing Bond. As a county without entitlement cities (cities with a population of at least 50,000), all bond resources will run through the Housing Authority of Clackamas County (HACC).

Clackamas County is excited to be implementing jurisdiction of the Metro Bonds. These resources will play a critical role in creating opportunities and will expand our cities racial, cultural and economic diversity while meeting a range of important housing needs that will create increased stability for decades to come. Our highly skilled staff and committed elected officials will work collaboratively with our community and jurisdictional partners to expedite review periods for projects that come our way in order to capitalize on this exciting resource and get housing built as quickly as we can.

### **Clackamas County Housing Needs**

In 2018, Clackamas County embarked on an ambitious look at a countywide Housing Needs Analysis (HNA). To undertake this endeavor required the collaboration and cooperation of all Clackamas County cities as well as our unincorporated communities. The study was contracted with ECONorthwest with the goal of developing an in-depth understanding of the housing needs in our county, as well as where we need to focus additional resources (monetary or partnership driven) to create opportunities and provide a lasting impact for residents that have been historically marginalized. The table below represents Clackamas County's estimated rental housing needs: ***\*this information is still being collated from the recently completed Housing Needs Assessment and will be added at the next review.***

Total rental housing needed	X*
Total affordable rental housing needed	X
Total 30% AMI (Area Median Income) rental housing needed	X
Total 60% AMI rental housing needed	X
Total 80% AMI rental housing needed	X

### Available Resources and Framework Targets

This Implementation Strategy focuses on the housing that will be developed within the eligible Metro boundary in Clackamas County. Bond resources are designated for use within Metro jurisdictional boundaries and are not applicable to incorporated and unincorporated communities outside of this boundary; see Attachment 1 for a detailed map of the applicable Metro boundary for Clackamas County. Bond revenues dedicated to HACC are **\$116,188,094**. The goal for HACC is to support at least **812 units of affordable housing** in the community. These can be newly built units or existing units that are at risk of rapidly rising rents. While many of these units are expected to provide rental housing, affordable homeownership units may also be supported with the bond resources.

Recognizing that our lowest income neighbors have the greatest challenges in securing affordable housing, and consistent with the Metro Bond Framework, HACC has set a goal that at least **333** of these units will be affordable for households with income at or below 30% of area median income. These units may serve people with special needs as well as people who earn low wages or have fixed incomes. At least **200** of these units will be supported with rental assistance provided by HACC, allowing them to be targeted to the most fragile households. In order to ensure that residents are stable and secure, HACC will work with social service agencies and other community partners to link supportive services to these affordable housing units.

Because the need for affordable housing crosses many income levels, and because serving moderate-income households can effectively provide a source of cross-subsidization for lower-income households, HACC may also explore options to include units that have rents appropriate for households with incomes from 61% to 80% of area median income. No more than **81** Bond financed units will have rents at this level. The need for affordable housing crosses income levels, and serving higher-income households can create cross-subsidization for very low-income households.

The private rental housing market has always been concentrated on small unit sizes, while the need for rental housing crosses a range of household sizes. This mismatch between need and available units is especially difficult for lower-income households. As a result, the Metro Bond Framework has set a goal that half of the units developed under the bond program must include two or more bedrooms. For HACC, this means that at least **406** units will include two or more bedrooms.

### **Advancing Racial Equity**

The Housing Authority of Clackamas County prioritizes advancing racial equity for all its activities. This is an ongoing priority of HACC to mitigate decades of government policy from the federal to a local level that contributed to disparate outcomes for communities of color. People of color struggle disproportionately with unaffordable housing, displacement and homelessness. The implementation of the Affordable Housing Bond provides an opportunity to work to address this inequity and to meet the needs of historically marginalized communities.

Efforts and opportunities to address racial equity occur at many points in the implementation of the Affordable Housing Bond. Opportunities to advance racial equity include community engagement and plan development, project selection, the inclusion of minority businesses and workforce in the design and construction of housing, the formation of culturally specific partnerships for outreach and services, accessible tenant selection/screening criteria processes, contracting opportunities post construction, and ongoing reporting of outcomes. The specific implementation strategies HACC will employ are discussed in the various sections below.

## **II. Strategy Development**

HACC has developed this LIS by engaging in a comprehensive outreach and review process during the spring and early summer of 2019. Meaningful community engagement is the basis for this LIS. The outreach process resulted in hearing from hundreds of community members and dozens of local stakeholder agencies and jurisdictional partners. This resulted in perspectives on housing needs across Clackamas County especially focused on special needs populations. Exhibit 1 provides a detailed report on the outreach and engagement process; the highlights are included below.

### **Listening Phase**

To inform our LIS, Clackamas County and HACC recognize the importance of community engagement. To help us outline this process, we began active outreach efforts to inform the public about the forthcoming Affordable Housing Bond and the impact it will have on critical housing needs throughout the communities in Clackamas County. Utilizing advisory boards already in place, feedback from our County Commissioners, jurisdictional partners, and our residents, HACC established several opportunities for information sessions detailing our countywide state of housing needs and the guidelines and outcomes expected through the Affordable Housing Bond program. During these information sessions, county staff asked “key”

questions of our audiences to help inform how the formation of our LIS and how best to organize implementation. Below represents findings from these sessions.

### **Review Draft Feedback**

This LIS was drafted using the Metro Affordable Housing Bond Work Plan adopted in February of 2019, as well as with feedback from HACC Board, our Housing Advisory Board (HAB), and feedback during various listening sessions held by HACC over several months. HACC staff will present the draft to the HACC Board for feedback on June 18, 2019. Thereafter, the LIS draft will be made available for community feedback, as well as comments from Metro staff, members of the Metro Housing Bond Oversight Committee, and community groups engaged in the Listening phase.

### **Local Implementation Strategy Approval**

It is anticipated that the community engagement detailed above will lead to a final LIS draft, which is scheduled to be reviewed by the Metro Housing Bond Oversight Committee on August 7, 2019, and subsequently by Metro Council on September 5th, 2019. It will be considered by the HACC Board for final County approval on September 10th, 2019.

### **III. Implementation Phases**

Implementation of Bond funded projects is expected to occur over a period of four to seven years. This timeline will allow for the identification of sites, securing needed resources for capital and services, forming partnerships with developers and service providers, procurement of projects through public solicitations, and completing construction. During this period, community needs and opportunities may change. New census data will become available, new community planning efforts may be initiated or completed, and new resources or opportunities may become available while other resources or opportunities may not materialize as anticipated. In addition, certain framework goals may be easily fulfilled, while others may prove more challenging. Because of the dynamic nature of this work, HACC proposes to periodically review, and potentially reset this Implementation Strategy.

HACC proposes to take a portfolio approach to implementing Bond resources, monitoring and adjusting the LIS when appropriate (Exhibit 2). Because the pace of implementation is uncertain, review points will not occur at specific points in time but instead will be based on the commitment of Bond resources to specific projects.

HACC will use Exhibit 2 as an addendum to this Implementation Strategy. As project commitments are made, the tracking worksheet will be updated to show balances of funds available and progress toward framework goals. This will provide a real-time update that can guide the selection of the subsequent projects to ensure that overall goals and resource commitments are consistent with the Metro framework. Should the tracking worksheet indicate that a modification to the adopted Implementation Strategy is advisable; the amendment

process will include community outreach and engagement, review by the HAB and amendment by the HACC Board with submission to Metro for review and approval.

#### **IV. Organizational Plan for Implementation**

HACC will use a combination of staff and consultants to administer this Implementation Strategy. In-house staff will be responsible for coordinating community engagement and outreach, project selection process, project documentation and funding processes, as well as overall program monitoring and reporting. The Housing Authority may engage consultants with expertise in financial packaging of affordable housing to review proposed projects during the selection and commitment phases. Similarly, HACC may engage consultants or collaborate with other project funders to leverage their expertise in construction management to help oversee project development.

Some aspects of implementation will require the development of new systems for HACC. Depending on the activity, HACC will either create its own tracking/compliance system or may work with Metro or other jurisdictions to create effective implementation strategies.

In addition to the county general fund, Metro has committed \$2,446,065 of one-time funds to be spent over five years to augment and support Clackamas County's development team and pre-development activities directly related to bond implementation and bond funded projects. Initially, Clackamas County anticipates that these funds will support additional staffing for our Finance and Community Development departments to implement, track and monitor bond resources over the term of the bonds. In addition, these resources will also support our ongoing community outreach engagement strategies.

#### **V. Project Selection Process**

HACC will work in partnership with developers/owners that are skilled and interested in providing affordable housing throughout the County's Metro boundary. In addition, the Housing Authority itself intends to be a developer or owner of housing funded under the Bond. HACC expects that the Bond funds may provide support for a total of approximately 8-12 projects. HACC expects that it will be the developer/owner of approximately 450 units of bond-financed housing that and will use approximately \$63.9 MM or 55% of the total bond resources with the remaining balance, \$52.5MM or 45%, available for projects sponsored by non-profit or for-profit developers throughout the eligible bond boundary within the county.

HACC will establish a set of expectations for developers/owners to ensure that both the framework goals and racial equity outcomes are achieved. These are requirements that will apply to all developer/owners; they will not be competitive selection criteria. Requirements will include such things as the period of affordability, the inclusion of MWESB contractor participation in the development process and the use of best practice outreach and tenant



selection criteria. The specific requirements are described in the Project Selection Criteria and Project Implementation sections below.

The Housing Authority will utilize the Clackamas County Housing Advisory Board (HAB) as a review committee. The HAB is comprised of Clackamas County residents and industry experts from the fields of affordable housing finance, resident services, homelessness, affordable housing development, real estate management, culturally specific service providers, the elder community and the construction general contracting industry. The HAB will provide feedback to staff and advise the HACC Board regarding proposed Housing Bond projects. The project selection process will include public and open solicitations via Notice of Funds Availability (NOFA), Requests for Qualification (RFQ) and Requests for Proposals (RFP), and may also consider unsolicited proposals or negotiated agreements...

The selection process will include a set of expectations for all developers/owners to ensure selected projects achieve both the framework goals and racial equity outcomes. These requirements include a 60-year affordability covenant, inclusion of minority and women-owned contractor participation in the development process and the use of best practice outreach and tenant selection criteria. Specific requirements are fully described in the Project Selection Criteria and Project Implementation sections below.

An exception to this process is the Gladstone SRO affordable housing project which had been identified as a potential Bond funded project prior to the development of this LIS. This project is expected to be the first project to be funded with Housing Bond resources in Clackamas County and the reasons for being exempted from this selection process are detailed below.

### **Phase 1 Project – The Gladstone SRO Affordable Housing site**

Consistent with Metro and Clackamas County's hopes to demonstrate timely progress in Bond implementation, HACC has identified a Phase 1 Project. The project, located in Gladstone, is the re-development of an older special needs housing site that can provide up to 45 units. HACC will be the developer/owner of the project.

The site is currently controlled by HACC and has been vacant for a number of years. It had previously been used as a nursing home and then a residential facility for youth. The site can be easily re-adapted, has good service spaces, is close to commercial services, transportation, and is affordable. The development of the Gladstone Single Room Occupancy (SRO) can fill a gap in the existing continuum of housing in Clackamas County by providing property for a singles population with deeply affordable rents and wrap around supportive services.

HACC envisions the project will provide single room occupancy units to single adults with special needs. All of the units will have tenant rents at or below 30% AMI and will have project-based rent assistance. HACC is continuing to explore whether the project would be targeted to a specific special needs sub-population or available to a range of income-qualified singles. HACC will explore the opportunity for partnerships with service providers who may have clientele needing housing and/or providers who may have valuable services to offer to

residents. The space configuration allows the possibility of locating a medical clinic on site as well as on-site food preparation services available to residents.

The bond funds in this project will be leveraged with 4% tax credits and the site is located in a qualified census tract, increasing the resources generated by the tax credits. Other leverage sources may include the Multifamily Energy Program (MEP), Permanent Supportive Housing (PSH) resources, and a permanent mortgage.

### **Public Housing Re-Positioning**

The Housing Authority is working on master plans to re-position its existing public housing portfolio. There are currently three primary public housing sites—Hillside Park, Clackamas Heights, and Oregon City View Manor. Long-term plans for these sites may include possible sales of current land holdings associated with these sites, possible purchases of adjacent sites and ultimately the re-development of the bulk of the existing 300 units into new communities. These projects are some of the oldest public housing in Oregon. They have a number of problems including poor physical condition, poor use of land, poor locations and over concentration of lower income households. The Housing Authority's goal is to embark on community-based input and planning exercises that result in well-built mixed-income communities with modern levels of density.

The Housing Authority expects that the new master plans will result in substantially more units of affordable housing. Use of Bond funds to support this re-positioning effort is consistent with Metro requirements that Bond financing only be used for existing affordable housing sites that are part of the redevelopment of a residential property with existing public affordability restrictions, as long as the redevelopment results in a substantial net increase in the total number of affordable homes. In such cases, Bond funds may only be used for the portion of new homes that are not replacing regulated affordable homes currently on the site. HACC expects that it will use some portion of the Bond funds in these re-development projects. While the specific sites, the number of units and characteristics of those units are not set at this time, it is expected that the projects selected for Bond funding will emphasize large family and deeply affordable units.

Should the Housing Authority identify public housing redevelopment sites under this Implementation Strategy, it will determine whether to develop/own the project themselves or to select a developer/owner; HACC anticipates acting as a developer on at least 300 of our public housing units. Should HACC decide to select a developer/owner it may use an RFQ, RFP, or sole source selection process.

### **Sites Identified by Metro**

The allocation of Affordable Housing Bond funds includes an allocation for land acquisitions carried out by Metro rather than by the implementing jurisdictions. Metro has allocated an estimated \$12 million for acquisition in Clackamas County. We will encourage Metro to purchase sites throughout the eligible boundaries in the county to further leverage our allocation of bond funds. HACC is committed to working closely with Metro should such sites be identified.

When such sites are identified, HACC and Metro plan to select a developer/owner through a competitive process.

### **Sites Proposed by Developers**

The Housing Authority may accept unsolicited proposals from developers for projects to be funded under the Bond. Developers should be aware that, depending on progress against the Bond framework, such proposals may need to achieve specific targets for income levels, cost, unit types, geographic area, racial equity, accessibility, or other characteristics.

Developer/owners are encouraged to work closely with HACC to ensure that their proposals are responsive to the evolving needs of HACC's Implementation Strategy.

## **VI. Leveraging Other Affordable Housing Resources**

While the Metro Bond resources are substantial, in order to accomplish the unit targets of the Bond, these funds will need to be blended with other public and private funding sources, including other HACC resources. A number of principles will guide efforts to leverage the Bond funds:

- **Maximize the use of non-competitive resources.** The 4% LIHTC program is available on a non-competitive basis to provide equity for affordable housing development. This program is especially useful for larger projects or scattered site projects that can be bundled to achieve the scale desired by equity investors. Developing projects in Qualified Census Tracts (QCTs) or Difficult to Develop Areas (DDAs) can maximize the usefulness of the 4% tax credits.
- **Maximize use of private resources.** Many projects will generate sufficient rental income to be able to make debt service payments on loans from private banks. While ensuring that projects have appropriate operating budgets and reserves, private debt should be secured for projects whenever feasible.
- **Maximize local resources.** A variety of local resources may be available to support capital and operating expenses:
  - **Project-based rental assistance.** HACC has committed project-based rental assistance for 200 units to Bond projects. This assistance will allow residents to pay based on their household income, while the project will receive a set rental income based on the rental assistance payment standard.
  - **Property tax exemption.** For project developed/owned by HACC, it will take advantage of property tax exemption under the provisions of ORS 307.092--this is the statute that provides property tax exemptions for housing authorities. It may also consider this exemption to projects under co-development agreements with HACC.
  - **Publicly owned land.** HACC will prioritize projects developed on County/HACC-owned or other publicly owned sites. The ability of HACC or other jurisdictions to donate the full value of the sites may vary, but discounted values would likely be available.

- **Seek other existing affordable housing resources (Federal, State and County resources).** HACC recognizes that despite the substantial amount of Bond funding, projects may have financing gaps that are best filled with other traditional affordable housing program resources. Though it is not anticipated that these competitive resources will be utilized to support bond-financed developments, sources outside the purview of HACC may be needed to complete financing packages for specific projects. In partnership with the selected developer, HACC will work with other funders in a transparent way to find the most effective and efficient way to bring these resources to Bond funded housing projects as necessary.
- **Support the pipeline of other affordable housing projects.** While much of HACC’s efforts during the implementation of the Affordable Housing Bond will be focused on moving the pipeline of Bond funded projects forward, the ongoing availability of other Federal, State, and local affordable housing resources means that there is a likelihood other projects may move forward during the same timeframe. HACC will monitor the pipeline of projects proposed and funded throughout Clackamas County and will collaborate with developers and jurisdictions throughout the county to identify the most appropriate funding packages and other support that can be allocated to those projects.
- **Funding for resident and supportive services.** HACC will work with regional and state partners to identify a consistent funding source to serve vulnerable homeless or at the risk populations. It is through consistent funding of resident and supportive services that vulnerable populations can remain housed and help the project succeed financially.

**VII. Project Selection Criteria and Metro Framework**

HACC will consider a number of factors in the selection of Housing Bond projects. The first consideration will be how each project contributes to the accomplishment of the goals in the Metro Framework. Under the Framework, HACC has the following targets:

Framework Targets	
Total Units	812
Minimum number of 30% AMI Units	333
Maximum number of 61% to 80% AMI Units	81

Minimum number of 2 Bedroom & Larger Units	406
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HACC does not expect that each project will reflect the ratios expressed by these targets, but instead that the overall portfolio of funded projects will achieve this mix.

HACC does expect that most projects will include some units that are two bedrooms or larger. The ratio of small and large units will reflect the characteristics of the target population of specific projects, and that in turn, should reflect characteristics of a site in terms of whether it is best suited to families with children or smaller families.

HACC does expect that most projects will include some units with rents at 30% AMI. In some cases, projects will be targeted to low wage earners, while others may be targeted to people with disabilities or other special needs, or people who have experienced homelessness. Some projects may be designed exclusively to have 30% units or have high concentrations of 30% units with corresponding supportive services.

HACC hopes to include 61%-80% AMI units when that helps to cross-subsidize lower income units or reduces the amount of Bond financing needed for the project.

HACC will focus its Bond financed affordable housing on new construction multi-family rental projects and may also consider multi-family acquisition/rehabilitation projects. Additionally, HACC is considering investing Bond resources in homeownership strategies should the right location and opportunity arise.

### **Furthering Clackamas County’s Affordable Housing Goals**

In addition to fulfilling the LIS, HACC will work to align the affordable housing developed with the Bond to support a variety of local goals. These include:

- Working to create housing opportunities across the geographic area of this Implementation Strategy. This includes the cities and unincorporated areas of Clackamas County that are in the Metro area.
- Focusing its Bond financed affordable housing on new construction of multi-family rental projects and explore opportunities to promote homeownership opportunities.
- Considering acquisition/rehabilitation projects to prevent displacement.
- Geographic Goals – HACC looks to support projects in opportunity neighborhoods that have good access to transportation, commercial services, community amenities, and provide the opportunity to create inclusive mixed-income neighborhoods.
- Target Population Goals – During the Listening phase, we received reminders of the need for senior housing, family housing (to include three and four-bedroom units), housing accessible to high needs populations, housing that is compliant with the American with Disabilities Act (ADA), and housing for individuals exiting the foster care system. Due to limited resources and the small number of projects to be funded under

the Bond, addressing all these needs will not be feasible, but HACC will strive to assist as many of these needs as possible.

- Complementing other affordable housing-related activities – The Housing Bond funds allow HACC to leverage its resources to continue its work on other affordable housing strategies and in other parts of the county that aren't eligible for Bond proceeds. These include working with property owners to identify ways to improve the housing stock while avoiding forced displacement of tenants, collaborating with market-rate developers and nonprofits to also consider development in non-Metro boundary communities, prioritizing Community Development resources to support non-Metro boundary developments, working with homebuilders to increase affordable homeownership stock.

## **Racial Equity**

HACC's approach to racial equity in project selection will take into consideration factors such as:

- Increasing affordable housing in areas with existing underserved diverse populations, especially in areas that may be subject to gentrification.
- Providing new affordable housing in high opportunity neighborhoods and sites. This would include sites that have good access to transit, jobs, quality schools, commercial services, parks & open space, etc.
- Supporting project teams that have a proven track record of:
  - Outreach, engagement, and ensuring participation of minority and women-owned contractors in pre-development and construction of the project, as well as the ongoing maintenance of the building
  - Engaging targeted and/or marginalized communities, communities of color as part of its leasing process
  - Creating an inclusive tenant screening criteria process, minimizing barriers to housing experienced by communities of color

HACC will prioritize projects addressing the historical racial disparity and lack of housing access experienced by communities of color, whether that is represented by projects sponsored by culturally specific organizations, or projects sponsored by partnerships in which culturally specific organizations have a meaningful role in project design and operations, or sponsors that provide sufficient proof of their ability to connect with communities of color.

## **Connection to Services**

HACC expects that Resident Service Coordination will be provided at all projects, appropriate to the level of need of the target population. Resident Services will focus on eviction prevention, helping residents access to mainstream services for which they may be eligible, empowerment services and community building activities.

Projects serving high needs populations will require robust supportive services to ensure resident stability and positive outcomes. HACC currently provides limited supportive services. HACC will work closely with other Clackamas County departments to help connect developer/owners to public and private service providers in the community to create needed

partnerships. HACC will evaluate a project's' target population and service plan to ensure that it is appropriate and durable. HACC will approve resident service fees in project operating expense budgets.

### **Project Cost/Leveraging Funds**

HACC plans to use Bond funds to support a portfolio of projects that provide the best return on investment in the form of long-term sustainable housing. These projects will be characterized by efficient design and durable construction. They will use cost-effective green building measures to create efficient use of energy and water, and select materials to create healthy living spaces. They will be well aligned with the needs of the target households in terms of space, amenities and service requirements, and will be valuable assets in the communities in which they are located.

The blend of funding sources will have an impact on both hard and soft costs. Hard costs will be impacted by development standards of investors, lenders and other public funders. Soft costs will vary with requirements for specific legal, accounting, reserve requirements, and fees. Leverage will also be impacted by the service needs of the residents.

HACC will evaluate all proposed projects to ensure that the costs are reasonable and appropriate to the specific project. In doing this evaluation HACC will focus on the amount of Bond funds needed rather than the total development costs of projects. This evaluation may consider:

- Scale appropriate to the target population.
- Scale appropriate to the neighborhood in which the project is located.
- Costs associated with mixed-use projects.
- Quality of construction materials.
- Costs associated with the service needs of the target population.
- Reasonable fees and reserves.

HACC recognizes that in order to accomplish the overall unit target, it will need to have an average Housing Bond expenditure per unit of approximately \$143,000. Some projects may receive significantly fewer Bond funds than this amount, while others may receive significantly more. The Bond funding levels available for specific projects or funding processes will be clear in the Exhibit 2 tracking worksheet that is attached to this Implementation Strategy.

### **Capacity/Readiness to Proceed**

Affordable housing is a specialty business that differs in many ways from market-rate housing or other real estate development. HACC will seek to partner with non-profit, for-profit, or governmental organizations that have demonstrated skills as affordable housing developer/owners. Expertise with the framework target unit types and with the specific population proposed by a project will also be considered.

Timely implementation of the Housing Bond is critically important. In its selection process, HACC will prioritize projects that have a clear path to timely completion. HACC may prioritize projects that have appropriate zoning, have secured much or all of the other financing sources,

have secured needed service partnerships, have a clear and achievable racial equity plan, etc. While HACC may not make concept endorsements until projects meet benchmarks that indicate the likelihood of projects coming to fruition, HACC suggests that interested developers begin conversations with the Housing Authority at the earliest stages of pre-development to ensure that project programming aligns with the Implementation Strategy.

## **VIII. Project Implementation**

### **Review & Approval of Projects**

Bond-funded projects will go through a multi-stage review and approval process as follows:

- **HACC concept endorsement.** To be forwarded to Metro for concept endorsement a project must, at a minimum, have site control, a preliminary development plan, the preliminary estimate of total development costs, a preliminary estimate of needed Housing Bond funds, and an identified development team. HACC will process concept endorsements first at the staff level, then review by the Housing Advisory Board, and review by the HACC Board work session.
- **Metro concept endorsement.** HACC staff, in conjunction with Metro staff, will present the project to Metro for endorsement by the Metro COO. Metro will review the project for conformance to the adopted Local Implementation Strategy.
- **HACC project approval & funding authorization.** As the project completes due diligence and moves to financial closing, HACC will process project approval by asking the HACC Board to take action.
- **Metro project approval & funding authorization.** HACC staff, in conjunction with Metro staff, will present the project to Metro for final approval and funding authorization.
- **Release of Funds.** Once a project has received approval by HACC and Metro, funds will be released to the Housing Authority and disbursed to the project in accordance with the provisions of the project documents and the Metro Intergovernmental Agreement.

### **Project Closing**

- **Metro-Approved Regulatory Agreement.** All projects will be required to execute a Metro-approved Regulatory Agreement that acknowledges the use of Metro Housing Bond funds and the restrictions associated with the use of such funds. The Regulatory Agreement shall be recorded against the project at or prior to closing.
- **Period of Affordability.** The Regulatory Agreement will generally specify a 60-year period of affordability. For acquisition projects that are more than 10 years old, HACC may consider a shorter period of affordability, but no less than 30 years. The Regulatory Agreement will provide a first right of refusal for qualified nonprofit organizations or government entities to acquire the project upon expiration of the affordability period.
- **The accomplishment of Framework Targets.** The Regulatory Agreement will also specify the level of affordability and the unit bedroom sizes of the project



- **Reporting Requirements & Monitoring During Operations.** The Regulatory Agreement or similar agreement will also provide requirements for periodically providing information relating to the project's financial performance, physical condition, occupancy, tenant income verification, and voluntarily collected tenant demographics. The agreement calling for these reports shall provide that reports will be made for the benefit of both Metro and the Housing Authority of Clackamas County. The agreement shall also provide physical access to the property when requested by Metro, HACC, or other project financing partners.
- **Jurisdiction Documents.** HACC will require a variety of other documents relating to the project. These may include:
  - Development & Disposition Agreements. In the case of properties controlled by HACC, the Housing Authority will develop agreements relating to the transfer of property to the developer/owner.
  - HACC will develop documents relating to the form of investment of Bond Funds. These may vary depending on the projected cash flow of different projects and may take the form of cash flow dependent loans or grants. In general, HACC will support the allocation of modest amounts of program income to restricted reserve accounts dedicated first to the provision of Resident Services. Projects that are expected to have more significant program income may have requirements for cash flow dependent distributions to the Housing Authority.
  - HACC will specify requirements relating to the implementation of racial equity strategies. Strategies will be developed for each project, and requirements will be documented in agreements with the Housing Authority. This will include:
    - **MWESB Contracting.** Project sponsors will be required to make best faith efforts to achieve 20% participation of subcontracting of development hard and/or soft costs to certified minority, women, emerging small businesses. Project sponsors will be required to provide documentation of subcontracting efforts and results.
    - **Workforce Participation.** The Housing Authority is interested in encouraging participation in project workforce hours by minorities, women and disabled veterans. While specific programs to further this goal are not developed at the time of writing this Implementation Strategy, the Housing Authority will work with Metro, other implementing jurisdictions, and with project sponsors to explore ways to maximize participation in project workforce hours.
    - **Affirmative Marketing, Tenant Selection & Lease-Up.** Consistent with Metro policy, HACC will work to ensure that Bond financed housing serves communities of color, families with children and multiple generations, people living with disabilities, seniors, veterans, households experiencing or at risk of homelessness, and households at risk of displacement. HACC will require that project developers/owners make best faith efforts to make units available to minorities and disadvantaged populations using best practice strategies. In general, this will require:

- Affirmative outreach and marketing to target populations. Developers/owners, and their property management companies (if applicable) will be expected to engage in proactive efforts to make disadvantaged populations aware of the availability of units, and the process and timeline for application. HACC will work with project sponsors to identify specific target populations for each project and will review the proposed outreach and marketing strategy for each project.
- HACC will require that project sponsors use low-barrier screening criteria that balance access to target populations, project operations, and community stability. Typical requirements may include less than standard market apartment income-to-rent ratios, reduced credit history requirements, and criminal history requirements that only consider recent convictions that are most directly tied to tenant success. Project sponsors will be required to review appeals to denials of standard screening criteria that take into consideration the efforts of applicants that demonstrate stability and potential for tenant success. Project sponsors are also required to review appeals if the disqualifying aspects of denial are related to a disability and make reasonable accommodations as appropriate.

### **Project Monitoring**

Projects will be subject to monitoring throughout the development process and period of affordability. The monitoring process and expectations will be documented in agreements with the City. In general, this will include:

- **Monitoring During Development & Lease Up.** HACC will require monthly reports during the project development and lease-up period and will conduct monthly site inspections in coordination with other funding partners to ensure progress to on-time and on-budget completion. HACC will sign off of any change orders and on monthly draw requests.
- **During Operations.** HACC will require annual reports that include information about project physical condition, fiscal condition, occupancy, tenant income verification, and voluntarily collected tenant demographics. HACC will conduct periodic site inspections in coordination with other funding partners.

## **IX. Reporting on the Implementation Strategy**

### **Annual Report**

HACC staff will prepare an annual report to the Housing Advisory Board and the HACC Board on the overall progress of the Local Implementation Strategy. This information will be made available to the public and interested stakeholders using a variety of strategies such as

published reports, newsletter articles and website postings. The report will include information on committed and completed projects (e.g. project status, Bond funding amounts, total project cost, and units produced by unit size, type and income level served). The report will also include information on overall progress toward achievement of the framework goals.

### **Reporting to Metro**

HACC will submit annual reports to Metro in accordance with the Intergovernmental Agreement.

Exhibit 1  
OUTREACH & ENGAGEMENT REPORT

To be developed upon completion and compilation of  
outreach & engagement processes.

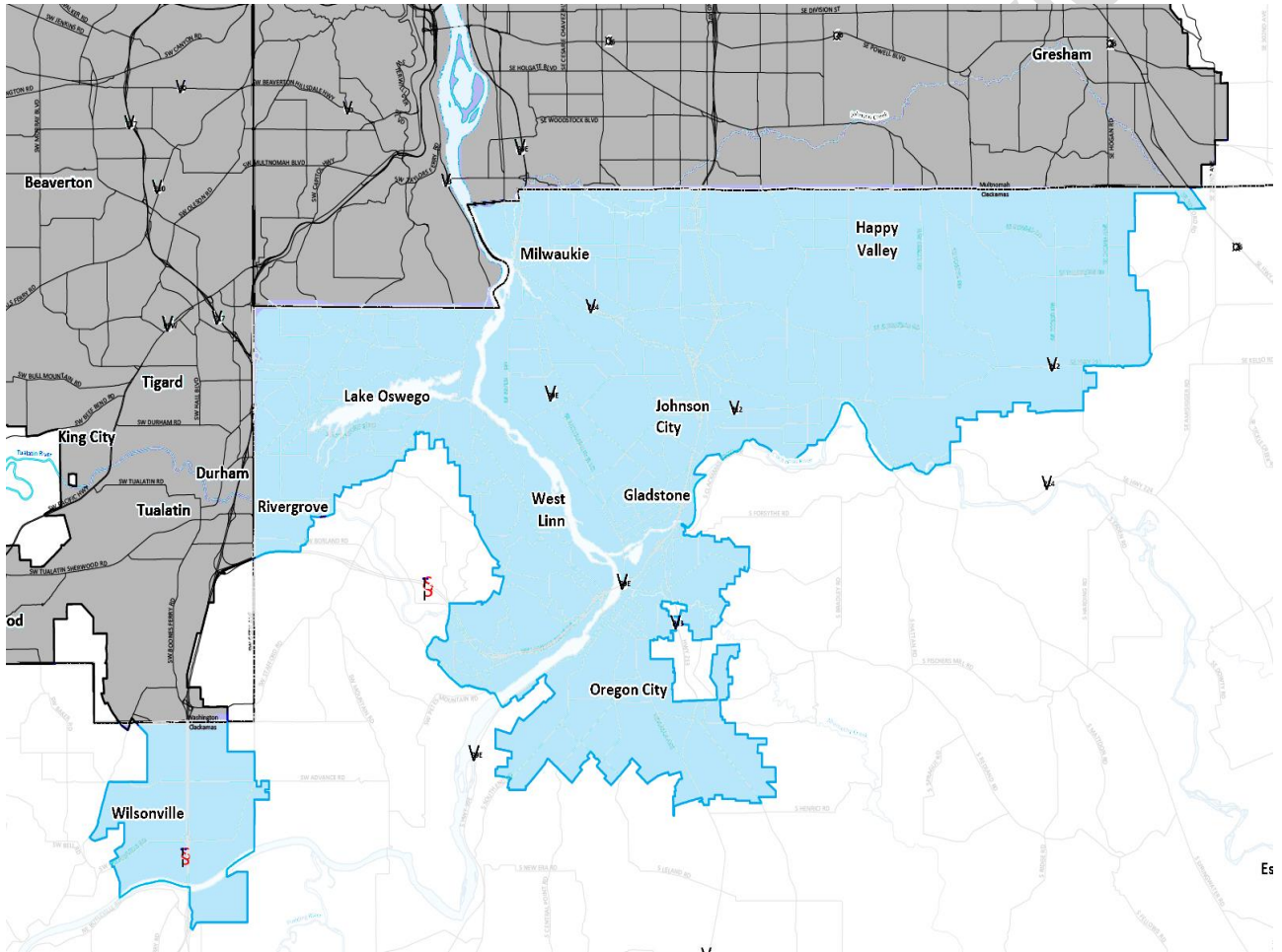
DRAFT for 6/18/19 review

Exhibit 2  
FRAMEWORK TRACKING WORKSHEET

	Metro Bond	% of Total
Clackamas County Allocation	\$116,188,094	100.0%
<u>Utilized to date</u>  18000 Webster Road	\$2,700,000	2%
Balance Remaining	\$113,488,094	98%

	Unit Production Targets			% of Total
Clackamas County	Total 812	30% AMI 333	Family size 403	100%
18000 Webster Road SRO	45	45	0	6% of Total units; 14% of 30% AMI
Balance Remaining	762	288	0	94%

Attachment 1  
Clackamas County Eligible Bond Placement per the Urban Growth Boundary (UGB)









**¡Nuestras viviendas, nuestras comunidades!**

Únase a nosotros para aprender acerca de los derechos de inquilinos, qué es la vivienda asequible, y el Fondo de Vivienda del Condado de Clackamas.

Habrá comida de niños, comida, interpretación, y rifa GRATIS. El espacio es limitado, así que por favor registre para reservar un espacio!

Regístrate en la página de Facebook de Unite Oregon, o contáctate a Cristina Pulaskis llamando a 503-287-4117 o extensión 5 (público respondido), o envíe un correo electrónico a [cristina@uniteoregon.org](mailto:cristina@uniteoregon.org)

**Únase a nuestras 2 reuniones**

VIERNES MAYO 23	VIERNES JUNIO 20
6 p.m. to 8 p.m.	6 p.m. to 8 p.m.
Wichita Center 6031 SE King Rd Milwaukie, OR 97122	Wichita Center 6031 SE King Rd Milwaukie, OR 97122

Unite Oregon logo



**اسكاننا، مجتمعنا**

أخبرنا عن طرق إيماننا حول الإسكان، وما هو السكن الميسور التكلفة ومدات الإسكان لطائفة كلاركاماس.

مشاركنا في هذا الحدث مع وحدة طعام مرتبة فورية وبمسة دولار. التحدث بصوت عالٍ مع أفراد المجتمع الآخرين.

أضفوا اسمهم إلى القائمة

Unite Oregon Event Facebook page  
503-505-8339 or email [mweh@uniteoregon.org](mailto:mweh@uniteoregon.org)

Wichita Center 6031 SE King Rd Milwaukie, OR 97122

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**Nhà ở của chúng ta, Cộng đồng của chúng ta!**

Đến và học về quyền lợi cơ bản của chúng người thuê nhà, nhà ở giá rẻ là gì, và phí nhà ở ở quận Clackamas.

Dịch vụ giải trí miễn phí, thức ăn, thông dịch viên và hỗ trợ hoàn toàn miễn phí. Chỗ ngồi có giới hạn, xin vui lòng đăng ký để giữ chỗ ngồi của quý vị.

Đăng ký trên trang Facebook của Unite Oregon Event gọi cho Cristina để đăng ký nếu quý vị nói tiếng Anh 503-287-4117 hoặc gửi Email cho [cristina@uniteoregon.org](mailto:cristina@uniteoregon.org)

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**Наше Жильё, Наши Сообщества**

Приходите узнать об основных аспектах жилья, что такое жилищное финансирование округа Клакэмас.

Послаивание: Ужин, за ужином, питание, перевод и интерпретация. Количество мест ограничено.

Присоединяйтесь к нам на предстоящих собраниях сообществ:

23 МАЯ	20 ИЮНЯ
6 p.m. - 8 p.m.	6 p.m. - 8 p.m.
Wichita Center 6031 SE King Rd Milwaukie, OR 97122	Wichita Center 6031 SE King Rd Milwaukie, OR 97122

Unite Oregon logo

**Metro Housing Bond in Clackamas County**

Metro-area voters recently approved a \$623.8 million general obligation bond, a proactive measure to address the shortage of affordable housing within Metro's urban growth boundary. The bond allows our region the opportunity to invest in the development of new housing resources for some of our most vulnerable and historically marginalized residents.

**What does the Metro Bond mean for Clackamas County?**

Clackamas County currently has about 41 percent of the affordable homes needed to meet our residents' needs. This includes single family homes, apartments in the private market that do not have rent limits and apartments with rent limits (regulated affordable housing/low-income families can).

The county will receive approximately 20.8 percent (\$116) of the bond money, which could fund the:

- purchase of new homes
- construction of new housing to ensure long-term affordability.
- purchase and renovation of existing housing to ensure long-term affordability.

The bond will cover the next 30 years.

These funds allow the county to shape the landscape of housing that will serve our communities

- Create affordable homes for low-income families earning between 51 - 80% of AMI by using up to 10% of the funding
- Develop and make accessible at least 233 units to extremely low-income families earning 30% or less of AMI

**Project timeline**

Now thru 2018	Jan. 2019	Spring 2019	Summer 2019	June/July 2019
Finalize implementation plan and start construction	Finalize implementation plan and start construction	Finalize implementation plan and start construction	Finalize implementation plan and start construction	Finalize implementation plan and start construction

Health, Housing & Human Services logo

**Affordable Housing: Understanding the need and the resources available in Clackamas County**

Health, Housing & Human Services logo

**What the Metro Bond means for housing affordability in Clackamas County**

Health, Housing & Human Services logo

**Metro Housing Bond**  
Clackamas implementation update



Health, Housing & Human Services logo