

Clayton Mohr Commons Update - Notes for Issues

Context and Background

- Clayton Mohr Commons is a 24 unit veteran multifamily building in Oregon City.
- The project was conceived and funded as a turnkey development to HACC from Northwest Housing Alternatives (NHA). In this arrangement, NHA receives all earned developer fee and HACC can execute an Option to Purchase.
- Construction substantially completed and lease up began in late 2019.
- The building has met its benchmarks to convert to its permanent financing and transfer ownership to HACC via execution of our Option to Purchase.
- Closing on the permanent financing is currently contemplated for mid-May 2020.

Some **key** components of the acquisition by HACC are as follows:

- HACC partnered with Northwest Housing Alternatives to construct 24 new apartments for Clackamas County veteran families. To ensure the units are affordable to families at or below 30% Area Median Income, HACC had dedicated 24 Project Based Vouchers (PBV) to the project.
- NHA was responsible for development of the project. Now that the project has stabilized (the point where the units are leased and the funding requirements have been met), NHA is to transfer ownership of the project to the HACC. *As the owner HACC will be able to implement a Housing First (low barrier) model to ensure that the neediest veterans and their families are assisted.*
- HACC will continue its relationship to ensure ongoing services are available at the property. Services are provided by Do Good Multnomah and were solicited through a competitive RFP process.
- HACC executed an option agreement with Pleasant Street Housing, LLC, an Oregon limited liability company, and the owner of Clayton Mohr Commons.
- In order to complete the Option to Purchase Agreement per its terms, HACC must pay NHA for all investment in the property, including any unpaid developer fee.
- In order to pay NHA their portion of unpaid (deferred fee) developer fee, HACC approached Clackamas County Health (CCHCD) and requested a not to exceed amount of \$300k for this purpose. An agreement was reached and a loan was approved of the deferred fee at the rate of two percent (2%) per year, compounded annually. This loan is paid from the properties operational cash flows and not from HACC directly.
- Once the loan to CCHCD is paid off after a 7 year term, all cash flow after debt service on the permanent loan will go to HACC. Over time this is a source of cash income.

Previous Board Action:

May 15, 2018	Policy Session to move forward with Clayton Mohr project
August 16, 2018	Development Service Agreement with NHA
November 1, 2018	Project Based Voucher Contractual Agreement for Housing Assistance Payments with Pleasant Street Housing LLC
October 10, 2019	Contract between HACC and Do Good Multnomah to provide supportive services to families in Clayton Mohr

February 6, 2020

IGA between HACC and CCHHCD for a loan to pay unpaid portion of the Deferred Owner Fee to secure property from Pleasant Street Housing, LLC.

Thank you so much for your support with this,

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Bayley Knutson
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