

## **EXHIBIT B: Project summary submitted by Washington County | Metro bond funding final approval for 72<sup>nd</sup> & Baylor Apartments**

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Submitted on: April 16, 2020

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### **Project Overview**

The Housing Authority of Washington County (HAWC) has requested Final Approval for \$11,583,000 in Metro Housing Bond funds for the construction of the 72<sup>nd</sup> and Baylor Apartments (the “Project”), a six-story affordable apartment building that will provide 81 residential units, including 56 two- and three-bedroom units. Thirty-four units will be affordable to households earning 30 percent of area median income (AMI) or below. The Project will be developed by Community Development Partners (CDP) in partnership with the Housing Authority of Washington County, and is located at the corner of 72<sup>nd</sup> Avenue and Baylor Street in Tigard.

Last year, between March and June 2019, eligible Housing Bond implementation jurisdictions were invited to submit up to one “Phase 1” project to Metro for consideration prior to approval of a full Local Implementation Strategy. This Project approved by the Washington County Board of Commissioners on June 18, 2019 for concept approval and prioritization as HAWC’s Phase 1 project. Metro Council approved concept endorsement for this project on July 11, 2019.

**The Washington County Board of Commissioners provided final approval for this project on April 7, 2020. The primary change to the project since it received concept endorsement is that during refinement of the project design, it was determined that the building could be configured to include one additional unit. This resulted in an increase in the Metro Bond fund request of \$143,000, bringing the total request to \$11,583,000.**

The site is 1.11 AC / 48,353 SF and will total 39,297 SF after right-of-way dedication. CDP purchased the site in the late summer of 2019. Currently three older occupied single-family homes are onsite. CDP is providing relocation assistance and plans to demolish the homes prior to construction. The financing package for the project includes 4% Low Income Housing Tax Credits (LIHTC), OHCS Weatherization funds, deferred developer fee and permanent debt, all leveraged with Metro Bond funds.

### **Development Program**

The project will contain 81 units, including 46 two-bedroom and 10 three-bedroom units. The project includes 62 parking spaces and has been designed with generous common space including three offices, a maintenance office, computer room, large community room that can be partitioned to create multiple spaces, fitness room, and media lounge to accommodate the various programming that will exist onsite. Outdoor areas include a second-floor courtyard, dog relief area, playground, and parking lot with an electric vehicle charging station where a mobile clinic could be set up.

Thirty-four units will be deeply affordable to households making 30% AMI or below, including 10 two-bedroom and 10 three-bedroom units. Of these 34 units, eight will be supported with project-based Section 8 vouchers and eight will be supported with Veterans Affairs Supportive Housing (VASH) vouchers.

Unit Size (no. of bedrooms)	No. of Units	AMI %	PBV	VASH	Square Feet/Unit	Gross Monthly Rent/Unit
1-BR, 1-BA	14	30%		5	603	\$519
1-BR, 1-BA	11	60%			603	\$1,038
2-BR, 1-BA	10	30%	2	3	816	\$623
2-BR, 1-BA	36	60%			816	\$1,245
3-BR, 2-BA	10	30%	6		1,119	\$718
<b>Total</b>	<b>81</b>		<b>8</b>	<b>8</b>		

## Background

Washington County and Community Development Partners have been in negotiations to facilitate an affordable housing project on the site since fall of 2018. Community Development Partners obtained site control of the Project property in the fall of 2018 and purchased the site in the summer of 2019. HAWC plans to partner with CDP by funding the Project because it will provide new affordable housing in a high opportunity neighborhood while helping implement Tigard’s vision for the Tigard Triangle. The City of Tigard’s recent work to rezone the Triangle and plan for infrastructure in support of future growth has contributed to creating a valuable opportunity site for new affordable housing.

Due diligence and predevelopment work to-date includes:

- Phase I and Phase II Environmental reports
- Geotechnical report
- Pre-application meeting with the City of Tigard
- Neighborhood Meeting
- Lot consolidation of three single family lots
- NEPA Environmental Review (required by HUD for vouchers)
- Subsidy Layering Review (required by HUD and in-process)
- Permit-set architectural drawings completed
- Submission with the City for permits
- Lenders and investor secured

The project is on target for a June 25<sup>th</sup>, 2020 construction loan closing.

## Location and Neighborhood

This site is located in the Tigard Triangle area of Tigard, OR, an area shaped by bordering roadways - Highway 99W, Highway 217 and Interstate 5. Through the Tigard Triangle Strategic Plan, the City and its community identified a vision for this area to create a place “where people of all ages, abilities and incomes can live and work within walking distance to shops, restaurants and parks.” The City created the Tigard Triangle Urban Renewal Area and adopted an innovative Lean Code to facilitate new development, invest in necessary infrastructure and to ultimately implement the Tigard Triangle Strategic Plan’s vision.



**Site**

The site is 1.11 AC / 48,353 SF and will total 39,297 SF after right-of-way dedication. The site is zoned Tigard Triangle Mixed Use (TMU) and is within a Qualified Census Tract (QCT) and Opportunity Zone (OZ). Currently three older occupied single-family homes are onsite. CDP is providing relocation assistance and plans to demolish the homes prior to construction.

A Phase I Environmental Site Assessment conducted by EVREN Northwest (ENW) on March 15 and 18, 2019 found that the property was previously used as an orchard. Due to the typically heavy use of pesticides at orchards and duration of time these pesticides remain in the soils, ENW recommended further investigation. As a result, a Phase 2 was commissioned showing pesticide levels above the recommended value for multifamily housing at a 6" depth across the site. ENW then prepared a Contaminated Media Management Plan which outlines procedures to use when exporting soil tested as contaminated from the site. Additionally, the Phase I showed that an Underground Storage Tank (UST) was decommissioned per the ODEQ in May 2005. Petroleum impacted soil was found near the decommissioned UST. General Contractor will be carrying an allowance for environmental clean-up of pesticides and petroleum in the project's budget.

A Geotechnical Investigation was conducted by GEO Consultants NW on May 1, 2019. Subsurface explorations indicate the site is mantled with relatively firm native silt. Structural and live loads of the proposed residential structure can be supported by conventional spread footings and slab-on-grade floors. The one geotechnical concern for the project was the very low infiltration rate for the near surface soil measured at 0.1 to 0.2 inches per hour. Due to this low infiltration rate, the project is designed with stormwater facility planters to allow stormwater to be retained on site before discharging to the public system.

**Project Financing**

72<sup>nd</sup> and Baylor Apartments has an estimated total development cost of \$32,874,939, reflecting a per unit cost of \$405,863 and a per gross square foot cost of \$377. The proposed developer fee of \$4,200,000 represents 15.46 percent of total costs (less acquisition costs as calculated by OHCS) and is within Oregon Housing and Community Services limitations.

Projected sources for the project include \$11,902,502 in 4% LIHTC, \$11,583,000 in Metro Housing Bond funds, \$7,950,000 in permanent debt, and \$1,167,529 in Deferred Developer Fee, and \$270,373 in OHCS Weatherization.

The City of Tigard provides an SDC exemption for affordable housing projects for SDCs within the City’s control. In addition, the City’s re-zoning of the Tigard Triangle area four years ago allows for maximized development on the site with regarding the building height and no parking minimum for affordable housing. In addition, partnership with the Housing Authority of Washington County allows the project to qualify for property tax abatement. Also, as previously noted, the site is in a HUD-designated Qualified Census Tract (QCT) which provides a 30% ‘boost’ in tax credits available for the project.

<b>Sources</b>	<b>Amount</b>
4% LIHTC (Equity)	\$11,902,502
OHCS Weatherization	\$270,373
Permanent Loan	\$7,950,000
Metro Bond Funds	\$11,583,000
Deferred Developer Fee	\$1,167,529
<b>TOTAL SOURCES</b>	<b>\$32,873,404</b>
<b>Uses</b>	<b>Amount</b>
Acquisition Costs	\$1,506,068
Construction Costs	\$22,327,394
Development Costs	\$9,039,942
<b>TOTAL USES</b>	<b>\$32,873,404</b>

## **Development Team**

Community Development Partners was founded in 2011 and has since developed 1,400 units in 19 buildings throughout four states. In Oregon, CDP has completed two renovations with partners with Salem and Linn Benton Housing Authorities. CDP also has a new 60 unit, four-story project under construction in Portland called Nesika Illahee which was developed in partnership with the Native American Youth Association (NAYA).

Bremik Construction will serve as the Project’s general contractor. Founded in 2004, Bremik completed construction on Deskins Commons for the Housing Authority of Yamhill County and Vibrant! Apartments for Innovative Housing Inc. in Portland. Bremik has experience reaching workforce and contracting goals associated with affordable housing and other publicly financed projects. The firm exceeded 20 percent MWESB participation on many affordable projects including Vibrant! And Lents Commons and met most of the workforce participation goals on those same projects.

Scott Edward Architects (“S|EA”) will design the Project. S|EA is Portland based architectural firm with extensive multifamily experience. Recent affordable housing experience includes Cornelius Place, a mixed-use building in downtown Cornelius which integrates a ground floor public library with 45 units of low-income senior housing on its upper floors.

The Housing Authority of Washington County (HAWC) is a Special Limited Partner in this project. This private-public partnership allows the project to qualify for property tax abatement and enhances the project's ability to meet affordability requirements over the duration of the 60-year requirement through the collaborative stability of CDP and HAWC. The Housing Authority of Washington County has a portfolio of 1,239 affordable units and public housing in the County (with another 264 under construction), in addition to a successful track record of providing Section 8 vouchers, homeless programs, and self-sufficiency programs.

Guardian Real Estate Services (GRES) will be providing the Project's property management and tenancing services. GRES has been providing property management services to the region for over 40 years and has extensive experience managing both market rate and affordable projects. GRES manages over 120 income-restricted projects and over 4,700 units throughout Oregon, Washington, and Arizona.

## **Community Engagement**

In the first phase of community engagement focused on developing HAWC's Local Implementation Strategy, Washington County met with nearly 300 people including members of affected communities as well as individuals representing over 50 community-based organizations. For engagement specific to the Project, CDP is working with the Center for Public Interest Design (CPID) during the Project's early phase. The Center for Public Interest Design is a research and action center at Portland State University that aims to investigate, promote, and engage in inclusive design practices that address the growing needs of underserved communities. CDP engaged CPID to lead an asset-based development research and outreach process. CPID will conduct research to identify existing resident-serving assets that are in the surrounding community as well as identifying needs that are not being met by those existing assets. The process involves utilizing PSU Master of Architecture students and CPID staff for on the ground outreach. The PSU-OHSU School of Public Health is also involved in creating a community health needs assessment. The entire process produced an in depth understanding of the community's assets and needs that can then be utilized to inform the concept and design of CDP's project.

Project outreach has and will continue to also leverage the work done by several jurisdictions, non-profits, and other community-based organizations active in the Southwest Equitable Development Strategy (SWEDS). SWEDS convened stakeholders active throughout the Southwest Corridor to help plan for future equitable growth and economic development. The Project can leverage these existing connections and relationships to help facilitate more engagement with the existing community and future residents.

## **Advancing Racial Equity**

The Project proposes to meet Washington County's Minority, Women and Emerging Small Business (MWESB) contractor participation goal of 20 percent and will incorporate affirmative outreach and marketing techniques to communities of color through tenant selection and lease-up. To date, the Project has utilized MWESB firms to achieve 26 percent of predevelopment work. In addition to a minority, woman-owned, and emerging small business goal, HAWC and the developer are currently discussing the potential of incorporating a workforce participation goal, however it is not confirmed as of the date of this report.

Future lease-up will be guided screening criteria included in the County's Housing Choice Voucher Administrative Plan guidelines and will include less than standard income-to-rent ratios and reduced credit history requirements. Washington County's screening criteria will also ease criminal history requirements such that they consider recent convictions and successful strategies that may have been employed to prevent similar future misconduct. Guardian Real Estate Services will provide leasing and property management services and will follow HAWC's screening guidelines through lease up. The Department of Veterans Affairs will provide lease-up services for the eight units on site utilizing VASH vouchers.

This project will help prevent displacement anticipated by future development of a MAX light rail line through the SW Corridor area.

### **Partnerships and Services**

Resident services will be provided by the Good Neighbor Center, a local Tigard nonprofit with a mission to support and empower families. Households will receive services to maintain stable housing, increase income through education and skills programs and employment services, and connections to resources like healthcare, school enrollment and food assistance. The Good Neighbor Center also provides education and skills programs such as financial education, Rent Well, individualized savings programs, job networking, and entrepreneurship training along with fitness and cooking classes. CDP has executed a Memorandum of Understanding with the Good Neighbor Center as an expression of their partnership at this project. The 8 VASH voucher households will receive case management through the Department of Veterans Affairs (VA).