

## EXHIBIT B: Project summary submitted by Washington County | Metro bond concept endorsement for Terrace Glen Apartments

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### Project Overview

Terrace Glen Apartments is a 4-story new construction building with 144-units located in Tigard on a 2.88-acre site. The unit mix consists of 29 studios, 41 one-bedrooms, 58 two-bedrooms, 13 three-bedrooms and 3 four-bedrooms. Of these, 3 units will be set aside as Permanent Supportive Housing ("PSH"), intended to serve formerly homeless youth between the ages of 18 and 24 with services provided by HomePlate. The units range in size from 404 SF to 1,341 SF. Incomes served range from 30% - 60% AMI. Related has a purchase and sale agreement that will transfer fee-simple ownership at closing. There is a vacant and abandoned single family house and vacant and abandoned church.

### Sources of funding include:

- 4% LIHTC Equity \$23,055,656
- Permanent Debt: \$10,200,000
- METRO Bond: \$ 17,484,000
- METRO TOD Grant: \$500,000
- Sponsor Contribution: \$25,000
- DDF: \$2,900,000

### Changes between Concept Endorsement and Final Approval

The unit mix was adjusted to include seven larger units, which resulted in two additional bedrooms, than originally anticipated in the Concept Endorsement. (See table below for unit mix changes.) OHCS MEP funds were originally anticipated and while relatively minimal the program has been over-subscribed. Five (5) project based vouchers were added and layered on three and four-bedroom units to deepen the affordability on hard-to-find larger family sized units.

| Unit Size by Bedrooms | # Concept Approval | # Final Approval | Unit # Change |
|-----------------------|--------------------|------------------|---------------|
| Studio                | 36                 | 29               | -7            |
| 1BR                   | 35                 | 41               | +6            |
| 2BR                   | 58                 | 58               | 0             |
| 3BR                   | 12                 | 13               | +1            |
| 4BR                   | 3                  | 3                | 0             |
| <b>Net Change</b>     | <b>0</b>           | <b>0</b>         | <b>0</b>      |

Packaged Terminal Heat Pumps (PTHPs), all-in-one heating and cooling, are now included in all 144 units. Since provision of PTHPs was not initially included in the project, this addition pushed out the contractor bid time due to updating the architectural plans. The construction start date changed to November 2021 from May 2021; the construction period increased from 15 months to 18 months; and, completion is scheduled for June 2023 instead of December 2022. Additional due-diligence on the land indicated an increased scope for site-work and further negotiation with the seller. An underground storage tank was also found that will need DEQ decommissioning; soils testing indicates the area around the tank is not contaminated. Further investigation on sewer/storm utilities led to the need of easements on neighboring properties. In order to fully

account for the expanded scope, and to ensure a successful project and timeline, the development schedule was adjusted. The new construction schedule fully accounts for the scope of the project and additional challenges with supply chain bottlenecks that include materials procurement.

**Preliminary Development Program**

Two buildings are designed to best utilize the parcel shape and size. The two buildings will total 151,000 SF. The community space consists of 6,000 SF. The site will provide 138 parking stalls and 83 bike parking spaces. This design is formed around a courtyard to create a central communal area that provides lines of sight to building entrances and the courtyard, which enhances security and customer service. The project also includes significant amenities to the serve the range of residents that will reside at the community. A multipurpose room will provide a vibrant space for the residents to informally connect with neighbors or gather for formal events and will flex as an art center. The space will be home to service partner, EngAGE’s co-generational classes for residents.

| Unit size (no. of bedrooms) | No. of units | AMI % | PBVs     | Square feet/unit | Gross monthly rent/unit |
|-----------------------------|--------------|-------|----------|------------------|-------------------------|
| <i>Studio</i>               | 13           | 30%   | 1        | 425              | \$483                   |
| <i>Studio</i>               | 16           | 60%   |          | 425              | \$948                   |
| <i>One Bedroom</i>          | 14           | 30%   | 2        | 625              | \$518                   |
| <i>One Bedroom</i>          | 27           | 60%   |          | 625              | \$1015                  |
| <i>Two Bedroom</i>          | 12           | 30%   |          | 775              | \$621                   |
| <i>Two Bedroom</i>          | 46           | 60%   |          | 775              | \$1218                  |
| <i>Three Bedroom</i>        | 9            | 30%   | 3        | 1175             | \$718                   |
| <i>Three Bedroom</i>        | 4            | 60%   |          | 1175             | \$1408                  |
| <i>Four Bedroom</i>         | 3            | 30%   | 2        | 1350             | \$801                   |
| <b>Total</b>                | <b>144</b>   |       | <b>8</b> |                  |                         |

**Project Image**



## Background

In November 2018, voters authorized Metro to issue \$652.8 million in bonds to support affordable housing. Washington County received about \$116 million to construct 814 affordable housing units in the Washington County Metro Service area outside Hillsboro and Beaverton. The County developed a Local Implementation Strategy (LIS) and, in March 2020, issued a Notice of Funding Availability (NOFA) offering \$80 million of the \$116 million. To receive funding approval, projects had to be consistent with the LIS. Related NW applied to this NOFA for the Terrace Glen project. The project proceeded through the NOFA evaluation process and Concept Endorsement which included:

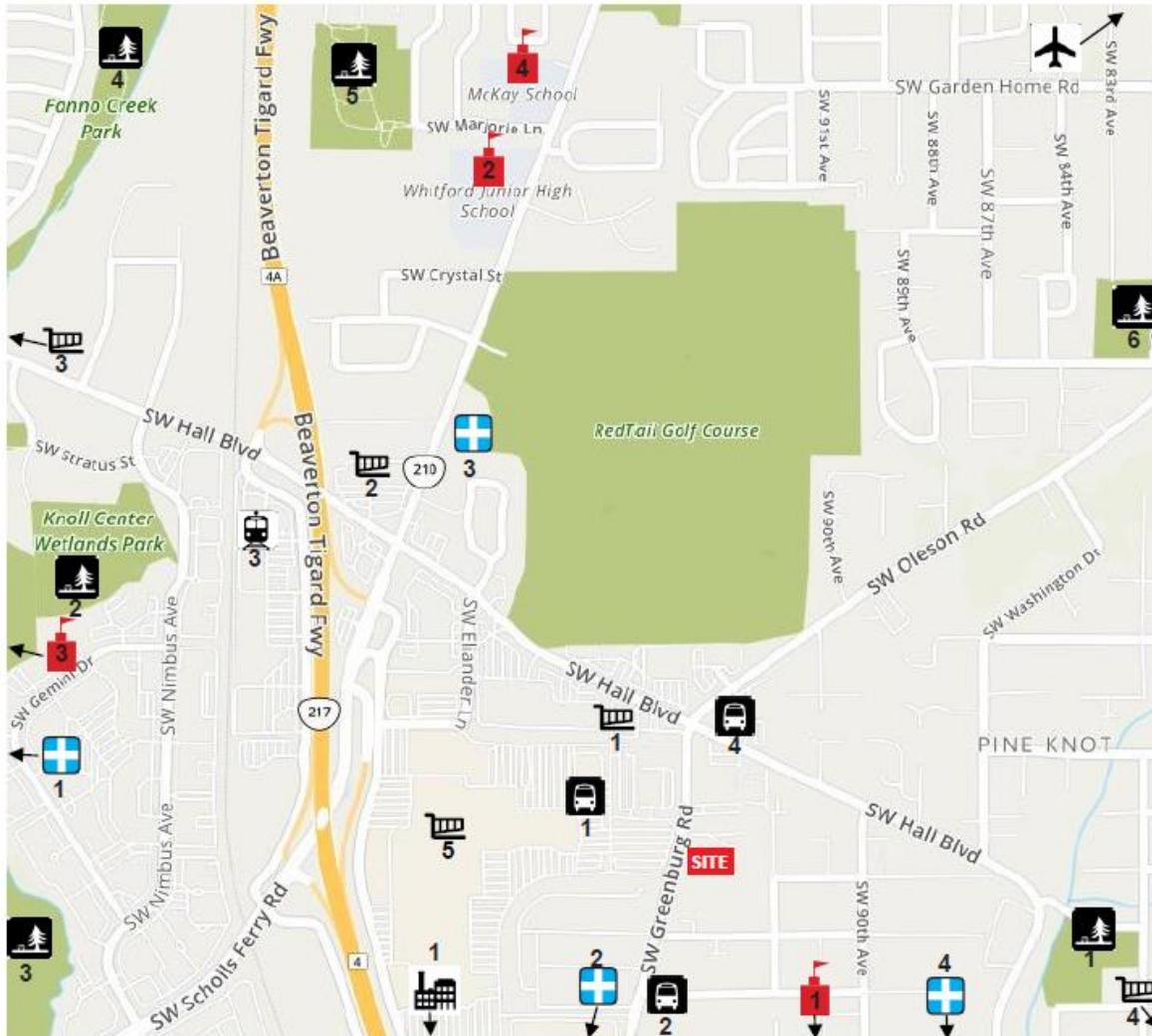
- Staff threshold review
- Third-party financial feasibility analysis
- Evaluation committee review
- Housing Advisory Committee review
- Washington County Board of Commissioners Concept Endorsement Approval (Sept. 1, 2020)
- Metro Concept Endorsement (Sept. 17, 2020)

The Site was selected based on its good proximity to a host of amenities including transit, grocery, parks, and schools. Local market studies dictated a lack of affordable housing in the area in which rents have been rapidly increasing. To date Related has fully developed the design and has applied for building permits. Land Use approval was received in April 2021. Walsh Construction along with GLI advisors have been providing building feasibility and cost estimating throughout design development. Related will go out to bid in late August and is scheduled to receive final GMP (guaranteed maximum price) numbers by late September. Other due diligence to date includes:

- Environmental Phase I and Phase II Reports
- Geotechnical Investigations
- Hazmat Surveys of the existing buildings
- ALTA Survey
- Utility Will-Serve letters
- Zoning analysis
- Tree canopy analysis and arborist report

## Location and Neighborhood

The property, located in the Metzger neighborhood and zoned MUE-1 (Mixed Use Dev. 1 & 2 zone), is near parks and public amenities including Metzger Park (.7 miles), Garden Home Community Library and Park (2.4 miles), and the Conestoga Recreation and Aquatic Center (2 miles). Washington Square Mall and a Transit Hub are across Greenburg Road. A bus stop is less than 100 ft. away providing direct access to Tigard Transit Center. Grocery stores are within walking distance, Metzger Elementary School is located .8 miles away, and middle and high school campuses are located within 1.7 and 2.6 miles, respectively.



## Site

The 2.88-acre site sits on one tax lot (1S126DC00901). Related Northwest gained site control with a Purchase and Sale Agreement in which title will transfer at the financial closing. Zoning is MUE-1. The appraisal is complete and is attached as an exhibit to this application. Two abandoned buildings remain on site and will be demolished after closing. One is a single-family residence, built in the 1950's, and an abandoned church built in the 1960's. Both buildings are vacant, and in poor condition. The demolition permit has already been approved by the City of Tigard. The Phase I report was relatively clean but did suggest a Phase II based on the possibility of an underground storage tank (UST). The only finding from the expanded Phase II was an Underground Heating Oil Storage Tank which tests showed negative for contamination. The tank will be removed and decommissioned after the financial closing while the General Contractor is mobilizing.

## Project Financing

Total development cost is estimated at \$54,164,656. Total development costs per unit is roughly \$376,143, or \$358/sf. The project will qualify for a property tax abatement through the Housing Authority of Washington County.

The City of Tigard identified a shortage of affordable housing, and according to their Affordable Housing Strategy Report approximately 33% of the City’s residents earned less than \$35,000, making them eligible for housing reserved for households at 60% AMI. In addition, 51.4% of Tigard renters pay more than 30% of gross household income on housing costs. In response to this shortage in order to encourage the development of affordable housing the City adopted in 2019 an Affordable Housing Plan which included policy goals such as the waiver of City SDCs, which is anticipated to reduce this project cost by \$1,850,000 from an original total of \$3,700,000. Additionally, Metro has provided a letter of support for the project and is funding \$500,000 given the project’s prime location in a Transit Oriented Development (TOD) corridor.

Summary of sources and uses:

|                                |                            |
|--------------------------------|----------------------------|
| <b>Sources:</b>                |                            |
| Tax Credit Equity              | \$23,055,656               |
| METRO Housing Bond             | \$17,484,000               |
| METRO TOD                      | \$500,000                  |
| Permanent Loan                 | \$10,200,000               |
| Sponsor Equity                 | \$25,000                   |
| Deferred Developer Fee         | <u>\$2,900,000</u>         |
| <b>Total Permanent Sources</b> | <b>\$54,164,656</b>        |
| <b>Uses:</b>                   |                            |
| Land Acquisition               | \$2,800,000                |
| Hard Costs                     | \$37,951,297               |
| Soft Costs                     | <u>\$13,413,359</u>        |
| <b>Total Development Cost</b>  | <b><u>\$54,164,656</u></b> |

**Development Team**

Related Northwest is one of the leading privately-owned multifamily apartment owners and developers in the country and has recently expanded into the Northwest as an affordable housing provider. Related has been acquiring and developing apartment properties for over 40 years and has over 15,000 units of affordable housing completed or in construction under its ownership and management on the west coast.

C2K – Architects C2K was formed in 2010. Their portfolio includes mid- and high-rise residential, mixed-use developments, offices and retail centers. Principal Kevin Sauser has over 24 years of experience in the architectural field, working in a variety of locations along the West Coast and across the United States. Recent work in the Portland area includes Homeroom Apartments, a 39-unit 4-story rental building at SE 14th and SE Stark St.

Walsh Construction is a long established reputable local area builder with over 59 years of contracting in the northwest. Walsh was selected by Related NW through a competitive process as their competency and reliability for quality construction will lend well to the project goals and site challenges. This will be Related NW’s third project with Walsh Construction.

GLI Advisors is the Construction Manager and brings 38 years of experience with over 70 projects totaling more than 6,000 units. They have successfully managed project budgets, critical path schedules, constructability review and issue resolution, and overall construction management to ensure contractor success and overall successful completion of the project. GLI Advisors has been a trusted partner of Related and the project team for many years.

## **Community Engagement**

Related joined an initial neighborhood meeting (via Zoom) on April 22, 2020, sharing information about the building's initial design, goals of the company, and formation of local partnerships to support the 144 units of affordable housing at Terrace Glen Apartments (TGA), set for winter 2021 groundbreaking. Since that time, Related has continued to be responsive to inquiries from neighbors (via letter and email) with some inquiries going through Washington County.

In addition, Related NW worked with its three nonprofit partners (IRCO, HomePlate and EngAGE) to query their stakeholders about TGA. The majority of the stakeholders were not computer oriented, nor did they have access to computers, so a more individualized approach was used. Related invited the partners to edit the survey content in order to best suit their clientele and in order to glean information that would position them for swifter success in the building. Questions were modeled after the Washington County online survey form and the Metro demographic form was unchanged. Questions pertained to outdoor space, transportation usages, social needs, leasing suggestions and language needs. Open ended questions at the end asked people to state what they'd most like to see in a future affordable housing development.

All survey results submitted to Related from the various Washington County Listening Sessions and its own building-specific surveys conducted with partners were reviewed by Related NW and shared with the development team. Influences and changes made to the project as a result are shared later in this report.

## **Advancing Racial Equity**

The proposal is committed to meeting the 20% minimum DMWESB target and based upon the scope of the project and prior experience, have set an aspirational goal of 25% DMWESB subcontractor utilization. Additionally, the project intends to achieve 20% DMWESB participation goal on professional services. Walsh has been the general contractor for two other Related NW projects where they reached above their 24% MWESB goals.

Terrace Glen will set aside three (3) units as permanent supportive housing to serve young adults experiencing, or at risk of, homelessness. These units are supported with Project Based Section 8 Vouchers. To address the varied needs of homeless young adults, PSH residents will receive relevant services from HomePlate, the only agency in Washington County with the mission of serving youth and young adults ages 12- 24 with drop-in centers, outreach, mentorship and connection to resources. HomePlate's Youth Employment Program (YEP), which guides homeless youth to gain meaningful employment and stability, will be a component of the services. An additional five Project Based Section 8 Vouchers will be used to provide deeper affordability for family-size units.

With deliberate implementation of strategies that promote equitable access to the target populations, the equity plan will help counter gentrification and displacement by affording new, coveted

affordable housing opportunities to those who call Tigard home and those who historically have not benefited from community development and revitalization. The contracting practices herein, specifically the Partners' eye to local contracting in Washington County, will also help counter gentrification by offering quality employment opportunities to members of the local community.

### **Accessible Housing**

At the core of all leasing activities at Terrace Glen will be a commitment to affirmatively furthering fair housing. This commitment will be evident in the screening criteria for the project. The project specific screening criteria will be reviewed by Related, service providers, and Quantum to ensure that it meets all required fair housing laws, works to advance racial equity, and does not directly or indirectly create disadvantages to the target populations. While a formal criterion will not materialize until after funding is committed, collectively, the team acknowledges the important element of setting a clear and consistently applied policy to override the screening criteria. For example, an eviction would disqualify a prospective tenant, but if that tenant was being referred to the property by HomePlate or IRCO, was actively engaged in services (including eviction prevention), that resident may receive an override. Criteria areas that will be assessed for the override policy include, credit, rental, and criminal history reviews. Consistency in the items that may receive an override and the resident services rationale for an override, will be fleshed out with the creation of the project specific screening criteria. Quantum currently manages several properties in Oregon with low-barrier to entry policies that similarly utilize policy overrides in screening.

### **Equitably Addressing Housing Needs**

Meeting the needs of the local community requires partnering with local service organizations that are trusted and respected by the community. Engage and HomePlate (collectively "Service Providers") are partnering with Terrace Glen to provide both a grass roots approach for initial lease up and re-leasing efforts as well as resident services relevant to the communities the project intends to serve. Further, we plan to work with Immigrant Refugee Community Organization ("IRCO") for initial outreach, consulting to ensure we are meeting the needs of a broader range of cultures and doing so with linguistically appropriate material. We are working with IRCO on the prospect of a satellite office as this would be a mutually beneficial relationship that could further expand our services and IRCO's reach.

### **Creating Economic Opportunity**

The creation of economic opportunities in the development of Terrace Glen begins with the partnership between RNW and HAWC. Through this public-private partnership we are providing the ability to leverage the financial wherewithal and development capacity of RNW to afford HAWC the ability to participate in this capacity more than it otherwise could on its own. This opportunity furthers HAWC's footprint and reach. Further, partnering on Terrace Glen provides diversification to HAWC's real estate holdings, and will provide economic opportunity for the Housing Authority to further all of its housing initiatives and support the County's most vulnerable community members.

### **Outreach in Contracting**

Contracting opportunities for Terrace Glen will be go out to Walsh's bidders list and advertising in local and minority newspapers. Walsh will analyze work scopes to match opportunities to DMWESB firm's expertise. Walsh's Community Outreach Director will promote and convey the available subcontracting and workforce opportunities directly to the subcontracting community and assist

DMWESB firms with all aspects of their participation. Walsh will hold pre-bid outreach meetings allowing bidders to plan for the bid period and respond in time.

## **Partnerships and Services**

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Our team has multiple years serving its mission and notably, many currently have strong presence in Washington County, programming specific to the needs of local residents, and are culturally responsive organizations that lead with equity in their service delivery.

The Service Providers overwhelmingly serve populations that mirror the project's target populations and deliver culturally responsive and/or culturally specific services. As such, utilizing the Service Providers' networks as a primary source for leasing efforts is a natural alignment to ensure housing at Terrace Glen is accessible to the target populations and equitable access for communities of color.

### **Lease Up Strategies & Assessment**

At the core of all leasing activities at Terrace Glen will be a commitment to affirmatively furthering fair housing. A number of strategies will be employed at the project to provide equitable access, including:

- Low barrier to entry screening that includes a consistently applied override policy for reviewing prospective tenant's credit, rental, and criminal histories.
- Linguistically appropriate materials that reflect community demographics to provide access to priority communities and help ensure equitable access to communities of color.
- On-site management and staff will receive diversity, equity and inclusion training and will be educated to understand the specific target population goals of the project. Importantly, management will endeavor to hire staff and vendors representative of the community.

Management will collect demographic data on all applicants. Annually, management will report to the Partners, demographic data relative to both total applicants and approved applicants. Data will be analyzed to gauge the effectiveness of both the project's marketing and outreach strategies as well as the project's screening and lease up processes. This annual assessment will inform necessary adjustments to most effectively reach the target populations and ensure equitable access.

### **Resident Services**

Resident services are a vital component of enhancing the lives of residents, particularly families. The Partners have thoughtfully sought out ways to deliver services responsive to the community's needs. The most notable being an innovative approach to deliver HomePlate programming onsite to the three units set aside for homeless youth free of charge. The proposed program, as detailed in the PSH plan, will provide culturally responsive youth programming to youth age 18-24 and will be the first of its kind for Related Northwest, a program we hope to replicate in the future with HomePlate. HomePlate's mission, programming, and the organization's commitment to equity make it a natural fit with the goals and objectives of the project.

An enriched arts program will enhance the vibrancy of the community to the residents free of charge. The proposed program will provide an intergenerational arts program to residents and will be the first of its kind in Washington County with EngAGE operating in an affordable housing community. With program delivery onsite, families will have one less logistical challenge to overcome in accessing activities and enrichment and, at no cost, one less financial obligation to

navigate.

In addition to the above, the project will provide general services to all residents, delivered through the service providers' culturally responsive and culturally specific platforms. The operating budget includes staffing for an on-site resident services manager who will develop a services program customized to the resident population. Service program development will be based on input from stakeholders, including, residents through surveys; the service providers, and the management staff. The resident services program will provide programming to facilitate economic stability, strategies for increased educational success, promote healthy lifestyles, and build strong communities. All resident services and activities will be provided at no cost to residents.

### Anticipated Timeline

Terrace Glen is fully designed and has submitted for the building permit. The lender and investor have been selected and underwriting has begun. November 18<sup>th</sup> is the targeted closing date. The timeline is:

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|   |                        |           |
|---|------------------------|-----------|
| OHCS Pre-app Submittal                    | January, 2021          | Completed |
| OHCS 4% Application                       | April, 2021            | Completed |
| Select Lender/Investor                    | June, 2021             | Completed |
| Building Permit Issued                    | November 2021          | Estimated |
| Close Construction Loan and all Financing | November 18th,<br>2021 | Estimated |
| Commence Construction                     | November, 2021         | Estimated |
| Complete Construction                     | June, 2023             | Estimated |
| Complete Lease-Up                         | February, 2024         | Estimated |
| 8609                                      | April, 2024            | Estimated |

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