

**NOTICE OF PUBLIC HEARING AND COMMENT PERIOD
ON
WASHINGTON COUNTY'S
POTENTIAL 2023 HUD PRO HOUSING GRANT APPLICATION**

Washington County Housing has prepared an application and is considering applying for a HUD Pathways to Removing Obstacles to Housing (PRO Housing) grant of up to \$10 million. The purpose of the funds is to assist with policy development and direct acquisition of expiring tax credit properties in Washington County that are most at-risk of losing their affordability protections.

The HUD PRO Housing application is available for review and comment and can be downloaded from the County's web site at: <https://www.washingtoncountyor.gov/housing/plans-policies-reports>

The application is due to HUD on October 30, 2023. A 15-day public comment period on the report begins on Saturday, October 14 and runs through Sunday, October 29. In addition, a public hearing will be held to receive comments on the HUD PRO Housing application. The public hearing will be held in a virtual and in-person format; information on the public hearing will be posted [here](#) and information on how to testify is posted [here](#).

Comments on the HUD PRO Housing application may be directed to:

Andrew Crampton, Development Manager
Washington County Housing
161 NW Adams Ave., Suite 2000
Hillsboro, OR 97124
Phone: 503-846-4794
Fax: 503-846-4795

or by

E-mail: andrew_crampton@washingtoncountyor.gov

Please notify Washington County Housing at least 72 hours before a meeting or hearing if special accommodations (equipment or interpreting service) are needed. If you have a disability or are hearing impaired and need assistance, please plan ahead by calling 503 846-4794 or TTY relay dial 711 or 1-800-735-1232.

Para solicitar acomodaciones, traducciones, quejas o una información adicional, contáctenos llamando al 503-846-4794 o para voz en retransmisión de TTY, marque 711 o 1-800-735-1232.

Exhibit A – Executive Summary
Washington County Housing

Exhibit A – Executive Summary

The Washington County Department of Housing (the County) is considering an application of up to \$10 million in HUD Pathways to Removing Affordable Housing (PRO Housing) grant funds to assist with supporting policy and direction acquisition of properties that are most at-risk of losing their upcoming affordability restrictions. These efforts are informed by the successful intervention of the Housing Authority of Washington County (HAWC) to purchase and preserve the affordability of the Woodspring apartments.

In 2017, HAWC was notified that Woodspring Apartments, a 172-unit LIHTC project serving senior households, would lose its affordability requirements in three years. The loss of these units would have been catastrophic, both for the individual senior households as well as to the region as a whole. Washington County Housing worked with OHCS to locate \$25 million for the purchase of this property by HAWC. Although Woodspring Apartments were preserved, it highlighted the need to develop a prioritization and funding process in Washington County that is also informed by emerging best practices for preservation at the state level. This state-level process has been codified in the recently adopted in the Oregon Affordable Housing Preservation Framework, which was adopted in August 2023. This framework will inform the process, policy, and acquisition implementation if the County is able to successfully receive PRO Housing funds.

Concurrent with the preservation efforts for Woodspring, Washington County Housing staff researched and collated a list of expiring tax credit properties through 2030 that are within Washington County's boundary. This allows for direct contact with each property owner to assess their intentions of preserving and maintaining affordability or selling the property and possibly becoming market rate housing. This outreach effort is ongoing. The intent is for Washington County Housing to facilitate the purchase by HAWC of at least two properties in order to maintain their affordability. One property would be purchase by the Housing Authority of Washington County and resyndicated with the Woodspring Apartments, and the County would issue an RFP for gap funding to assist an experienced mission-driven developer to acquire a property.

In addition to direct intervention, receipt of the HUD PRO Housing grant will allow for Washington County to develop a policy framework that will be strategically tailed to effectively preserving affordability of at-risk properties in Washington County. This policy framework will be informed by best practices adopted through OHCS and will then be tailed to the unique circumstances of at-risk properties in Washington County. The County is considering a request in HUD Pro Housing grant funds up to \$10 million to develop a policy framework to inform gap funding efforts on acquiring two properties at-risk of losing their affordability.

Exhibit B – Threshold Requirements
Washington County Housing

Exhibit B – Threshold Requirements

If Washington County elects to submit a HUD PRO Housing grant application, all Threshold Eligibility requirements prescribed in Section III.D and Section IV.G will be met.

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Exhibit C - Need
Washington County Housing

a.i) Describe your efforts so far to identify, address, mitigate, or remove barriers to affordable housing production and preservation. (12 points)

Washington County Housing, and its partner organization the Housing Authority of Washington County (HAWC), work with our community partners under the Washington County umbrella organization, other Washington County jurisdictions such as Beaverton, Hillsboro, and Forest Grove, the regional planning agency Metro, and the state affordable housing agency Oregon Housing and Community Services (OHCS), to address housing production and preservation efforts.

Efforts to decrease the cost of development by removing financial barriers to housing production.

Washington County implemented two programs to assist developers with financing affordable housing projects. In 2013, Washington County declared an emergency to address the immediate need for additional low-income housing in Washington County via adoption of Ordinance 761; the ordinance also adopted a low-income housing nonprofit property tax waiver for developers of affordable housing serving those at or below 60% AMI. Eliminating the annual property tax payment for affordable housing properties allows properties to have lower overhead operating costs which in turn enables charging lower rents, the ability to afford a higher permanent loan payment, or provide more services to tenants. This program is ongoing.

A second option for property tax waivers is a partnering with HAWC. This is available for both private developers or nonprofits in areas where the low income housing property tax waiver has not been adopted by the local jurisdiction.

Washington County Housing implemented the Housing Production Opportunity Fund (HPOF) with Washington County general funds in 2016. These grants of \$300,000-\$500,000 are allocated to affordable housing projects in Washington County that have (1) successfully undergone a competitive funding cycle (e.g., County HOME, State LIHTC, or Metro bond funds), (2) demonstrate the ability to leverage outside funding, and (3) have immediate impact on the development of new affordable housing units in Washington County. To date, Washington County has granted over \$5.3 million in 12 projects contributing to the production of 589 units of affordable housing.

The Metro regional bond funding allocated to Washington County Housing is explained in more detail below, although it should be noted here that of the eleven projects funded by Washington County's allocation, two projects (225 units) are located in High Opportunity Areas and six projects (55 units, which include the High Opportunity Area projects) received a basis boost in their 4% low income housing tax credit allocation due to being located in either a Difficult to Develop Area (DDA) or a Qualified Census Tract (QCT).

Efforts to identify and address affordable housing preservation.

In 2017, HAWC was notified that Woodspring Apartments, a 172-unit LIHTC project, would lose its affordability requirements in three years. The project housed only seniors although this was not a funding requirement. The loss of these units would have been catastrophic, both for the

Exhibit C - Need

individual senior households as well as to the region as a whole. Losing 172-units, while making only marginal increased in housing production, would have been a large step backward. Washington County Housing worked relentlessly with OHCS to locate \$25 million for the purchase of this property by HAWC. Although Woodspring Apartments were preserved, it opened everyone's eyes to how there was no prioritization process or funding from the state level on down for addressing the upcoming 30-year expiring LIHTC projects.

Concurrent with the preservation efforts for Woodspring, Washington County Housing staff researched and collated a list of expiring tax credit properties through 2030 that are within Washington County's boundary. Staff divided the properties into categories by timing of expiration and ownership, then ranked each project's risk (red, yellow, green) of being sold to a market rate buyer. Washington County is fortunate in that the list is contained to 12 properties. This allows for direct contact with each property owner to assess their intentions of preserving and maintaining affordability or selling the property and possibly becoming market rate housing. This outreach effort is ongoing. The intent is for Washington County Housing to facilitate the purchase by HAWC of at least two properties in order to maintain their affordability.

An additional effort to preserve affordable housing is the rehabilitation of 592 units in 10 properties (not public housing) owned by HAWC. The Housing Authority has stepped up with high level ownership restructuring and is using its own bonding capacity to refinance and rehabilitate these properties to maintain these units as affordable for the next 60 years.

Identify efforts to reduce barriers to affordable housing production.

Washington County Land Use and Transportation (LUT) conducted a planning process to produce the *Washington County Equitable Housing Site Barriers and Solutions* report in 2018. The purpose of the plan was to 1) encourage increased housing supply in general, 2) increase housing that is affordable to households at lower incomes (especially 50% median family income and below), and 3) identify incentives and funding sources to support a range of affordable and equitable housing options. To achieve these goals, the project identified existing regulatory and code requirements that negatively impact development feasibility and/or increase development costs for projects that include residential uses, with a focus on encouraging equitable housing development in the County.

LUT responded to the report by undertaking multiple updates to Washington County's Development Code, including:

- Residential density bonuses – some were provided for regulated affordable housing through Ord. No. 841 in 2018. Others may be considered in the next few years as part of LUT grant proposals with DLCDC
- Yard (setback) requirements – modified in 2018 through Ord. No. 842 (multiple Equitable Housing amendments)
- Planned Development (PD) open space requirements – modified in 2019 through Ord. No. 853
- On-street parking and driveway widths – modified in 2018 through Ord. No. 842 (multiple Equitable Housing amendments)

Exhibit C - Need

- Requirements for private streets – modified in 2018 through Ord. No. 842 (multiple Equitable Housing amendments)
- Ground-floor commercial use requirements - modified in 2018 through Ord. No. 842 (multiple Equitable Housing amendments)
- Housing type flexibility – implemented in large part through middle housing provisions in the code – adopted through Ord. No. 885A in 2022
- Flexible zoning for affordable housing – completed in 2018 through Ord. No. 841

LUT also has a grant funded through Oregon State Department of Land Conservation and Development to conduct a Code Audit/Assessment of the Community Development Code (CDC) to look at further code barriers to housing, among other things. That work will start in 2024. And LUT has two other grants that were waitlisted – one would be to develop promotional materials and strategies to encourage middle housing and ADUs and the other to make specific changes to the CDC related to middle housing to simplify and refine the requirements.

a. ii.) Do you have acute demand for affordable housing? What are your remaining affordable housing needs and how do you know? (13 points)

Washington County has had an ongoing shortage of affordable housing for almost two decades, starting with the collapse of the housing market in 2007. Since that time, housing production has not kept up with housing need. Land and construction costs have skyrocketed. Incomes have not kept up with inflation. The need for affordable housing for households at less than 100% of the median family income (MFI) keeps increasing.

Washington County’s needs are noted in 2014 in the *2015-2020 Washington County Consolidated Plan*. The plan identified the need for 14,000-23,000 additional housing units in Washington County for those at <50% MFI (2006-2010 and 2007-2011 Comprehensive Housing Affordability strategy/CHAS data). The *2020-2024 Washington County Consolidate Plan* included a housing needs analysis using CHAS data from 2011-2015 and identified a need of 12,860 units for those at <30% MFI, 12,880 units for those at 30-50% MFI, and 25,740 total need for those at <50% MFI.

	Affordable Housing Need – Washington County		
	<30% MFI	30-50% MFI	Total need <50% MFI
<i>2015-2020 Washington County Consolidated Plan, Housing Needs Analysis</i>	10,000-11,000	4,000-12,000	14,000-23,000
<i>2020-2024 Washington County Consolidated Plan, Housing Needs Analysis</i>	12,860	12,880	25,740

Exhibit C - Need

Washington County Housing’s *2017-2027 Strategic Plan* used this data to create program goals for increasing housing production (100 units per year) and preserving already existing regulated affordable housing coming up against expiring tax credit affordability requirements (50 units per year).

The most recent 2016-2020 CHAS data from huduser.gov shows Washington County has a need of over 26,000 units for households who earn less than 50% of the HAMFI (HUD Area Median Family Income aka AMI or MFI which are alternate abbreviations of HAMFI).

Income by Cost Burden (Renters only)	Cost burden > 30%	Cost burden > 50%	Total
Household Income <= 30% HAMFI	11,220	10,240	13,480
Household Income >30% to <=50% HAMFI	11,580	5,525	13,380
Household Income >50% to <=80% HAMFI	11,810	925	20,185
Total	37,260	16,905	86,335

Regionally, the need for housing is so great that Metro, the tri-county planning body that includes Washington County, presented a \$652 million affordable housing bond to the voters that was approved in 2018. Washington County was allocated \$120 million of the bond for affordable housing construction. Washington County Housing has led the region in allocating the bond funds, and housing production will exceed the County’s target of 816 total units.

NOTE: Washington County, Oregon, is listed as a Priority Geography by HUD. This NOFO application solely serves Washington County, Oregon.

This housing need are most burdened by low-income individuals, with 578 households, 773 persons, and 138 children under the age of 18 experiencing homelessness, according to the January 2023 Point In Time count. Washington County is committed to preventing and ending homelessness. The Homeless Services Division partners with community-based organizations, affordable housing owners and independent landlords to provide housing assistance and supportive service programs that help families and individuals achieve housing stability.

Homelessness is a growing concern across Washington County with rising housing costs and limited affordable housing options for families, seniors, veterans, and people with disability conditions. Homelessness disproportionately impacts people of color who are more likely to experience housing discrimination and economic hardship. The Homeless Services Division provides evidence based, trauma informed, and culturally responsive programs designed to advance equity while ending homelessness.

Serving as Washington County’s Continuum of Care entity, the Homeless Services Division supports a system that provides thousands of families and individuals with emergency shelter, housing navigation, move-in assistance and wrap-around support services every year. These programs are funded with federal, state, and local resources, including the Supportive Housing Services measure approved by voters in 2020. These resources, programs, and our community-

based partners are coordinated to create a system of care working to end homelessness across Washington County every day.

a.iii.) What key barriers still exist and need to be addressed to produce and preserve more affordable accessible housing? (10 points)

Financially, the Metro regional bond funding has provided a lifeline for regional affordable housing production by providing over in funding across the region; unfortunately, these funds could not be used for preservation or rehabilitation of *already existing units*. The overarching barrier for preservation of affordable housing is there are minimal financial resources available to preserve affordable housing projects with expiring affordability requirements.

OHCS, the main funding source for all affordable housing projects in Oregon, is addressing preservation as a priority and recently produced the *Affordable Housing Preservation Strategy Framework (2023)*. The report recognizes there are multiple projects just like Woodspring in Oregon's future. For 2023-24, OHCS was allocated \$50 million of preservation funds; meanwhile OHCS granted \$25 million for the preservation of Woodspring Apartments in early 2023. Properties continue to increase in value at phenomenal rates. Notably, Woodspring doubled its market value in five years, from 2018 to 2023, showing why it's extremely difficult for all preservation projects to receive the funding they need. The preservation of existing affordable housing (1,093 units) is key to moving forward on the production side of affordable housing, otherwise Washington County will lose all the advances gained since 2018 (982 new units produced from 2018-2023).

Statewide, production of affordable housing has multiple barriers. The top barriers to housing production identified by Oregon's Department of Land and Conservation are the supply (or lack) of buildable land and high construction costs (*Appendix F. University of Oregon Development Barriers Survey Brief and Summary Report, Oregon Housing Needs Analysis Recommendations Report, 2022*).

Regionally, Washington County has addressed multiple barriers with updates to the development code. Additional changes to address barrier could include:

- Incentives such as a dedicated source of funding for affordable housing development, reductions or exemptions to system development charges (SDCs) and/or other development fees and charges for affordable housing development,
- Streamlining or shortening the permitting processes and timelines,
- Sharing the cost of required public improvements, and
- Establishing a development tax (e.g. a Construction Excise Tax) and/or other value capture incentives to encourage regulated affordable housing. (*Washington County Equitable Housing Site Barriers and Solutions, May 2018, Angelo Planning Group*)

Exhibit E - Capacity
Washington County Housing

c. i.) What capacity do you and your Partner(s) have? What is your staffing plan?

Washington County Housing will lead implementation of the proposed acquisition program. Lead Washington County Housing full time staff on the project are listed below. Additional staff do not need to be hired to complete the acquisition work.

- Molly Rogers, Housing Director
- TBD, Assistant Director of Housing
- TBD, Housing Operations and Development Manager
- Andrew Crampton, Housing Program Manager (Project Management capacity)
- Melisa Dailey and/or Laura Jackson, Housing Development Coordinators (Internal Control capacity)
- TBD, Assistant Director of Finance (Quality Assurance capacity)
- Kerry Biordi, Financial Analyst (Financial and Procurement capacity)
- TBD, Community Engagement Coordinator
- Hameed Evenson, Public Affairs & Communications Coordinator

Washington County Housing regularly contracts with Brawner & Company (Brawner) when working on acquisition and rehabilitation projects. Brawner specializes in working with the complexities of housing authorities and this longstanding relationship ensures successful financing, acquisition, and operations of these projects. Brawner will assist the Housing Authority development team with the acquisition and resyndication of an expiring affordable housing property.

Washington County Housing oversees multiple Federal and local funding allocations and grants and has the capacity to oversee HUD PRO funds. Washington County Housing manages all federal funds for the Housing Authority including HCV, Public Housing, Moving to Work, and Emergency Shelter funding. These Federal funds receive annual audits which Housing Services regularly receives a rating of good standing.

Besides ongoing, highly successful management of all HUD funds, Washington County Housing has also implemented the Metro Bond Regional Housing Program. The Housing team successfully set up \$118 million of funding in County accounts for housing acquisition and construction. Housing has also managed its own acquisition and rehabilitation projects, which is how the HUD PRO funds would be managed.

Washington County Housing is overseen by the Washington County Board of County Commissioners (BOCC). The BOCC approved this grant application. If Washington County Housing is issued HUD PRO funds, the grant will also be received by the BOCC at which time they will receive a detailed presentation on the preservation of expiring tax credits projects acquisition program. Concurrently, the Housing Authority Board of Directors (HABOD) will approve the Executive Director to move forward with acquisition of a property or properties.

This application was written by Melisa Dailey, Housing Development Coordinator and Andrew Crampton, Housing Program Manager, both of Washington County Housing. Housing staff in our HCV Division have experience with Fair Housing issues since the Housing Authority is one agency within Washington County that receives and follows through on Fair Housing complaints

Exhibit E - Capacity

in addition to the Fair Housing Council of Oregon. The Housing team also works with Washington County Community Services, who oversee HOME and CDBG funds for the County, on data analyzation of Fair Housing for the Consolidated Planning process. This ensures we are all working with the same information. The Housing Authority of Washington County (HAWC) was selected for MTW status in May 2021. Our agreement is for participation for 20 years. 2022 will be our first submission of proposed MTW activities.

Housing Services Organization Chart is provided below. All names circled in red are full time employees who could be working on the acquisition of expiring tax credit properties.

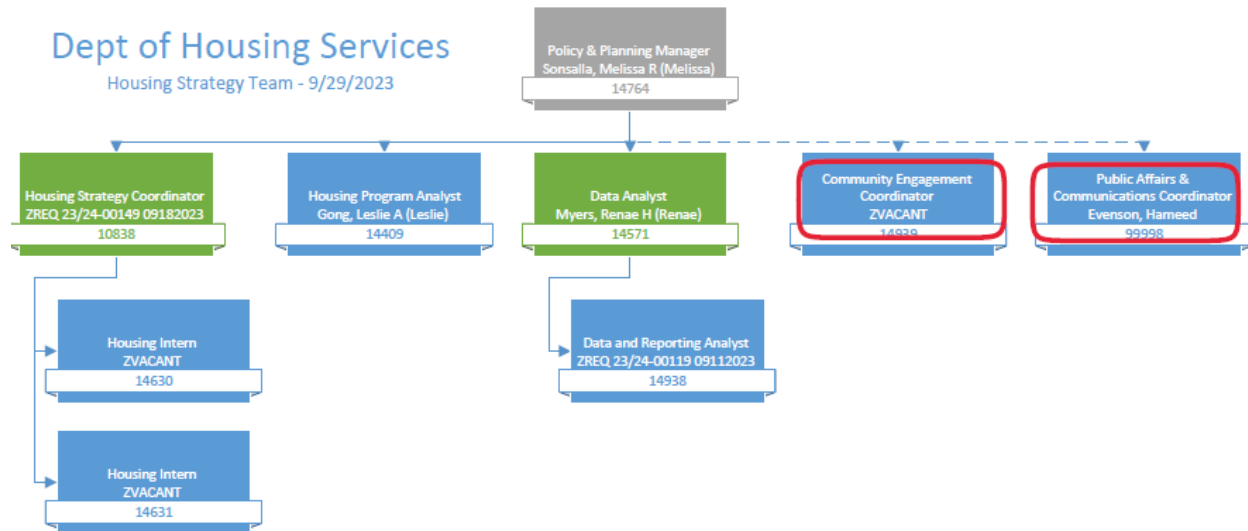


Exhibit E - Capacity

Dept of Housing Services
Housing & Development - 9/29/2023

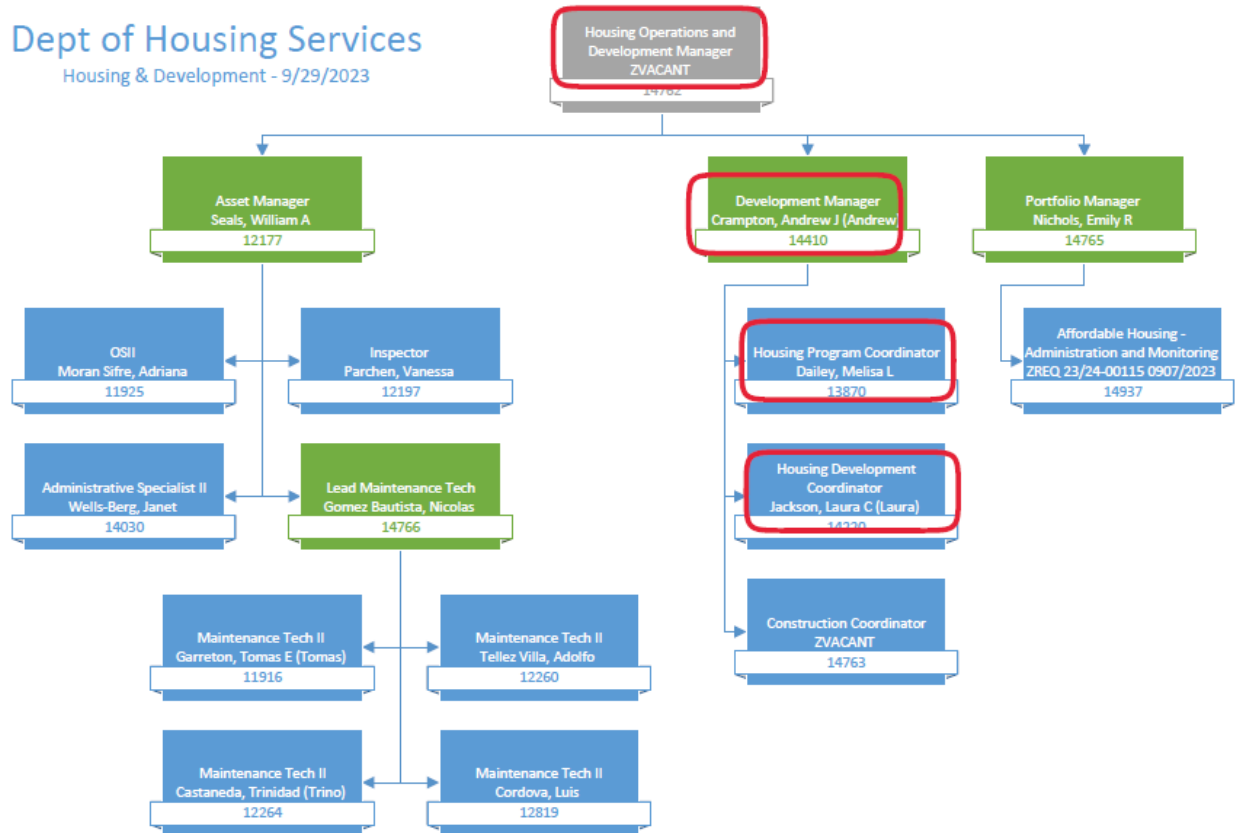


Exhibit E - Capacity

Dept of Housing Services
Finance Team - 9/29/2023

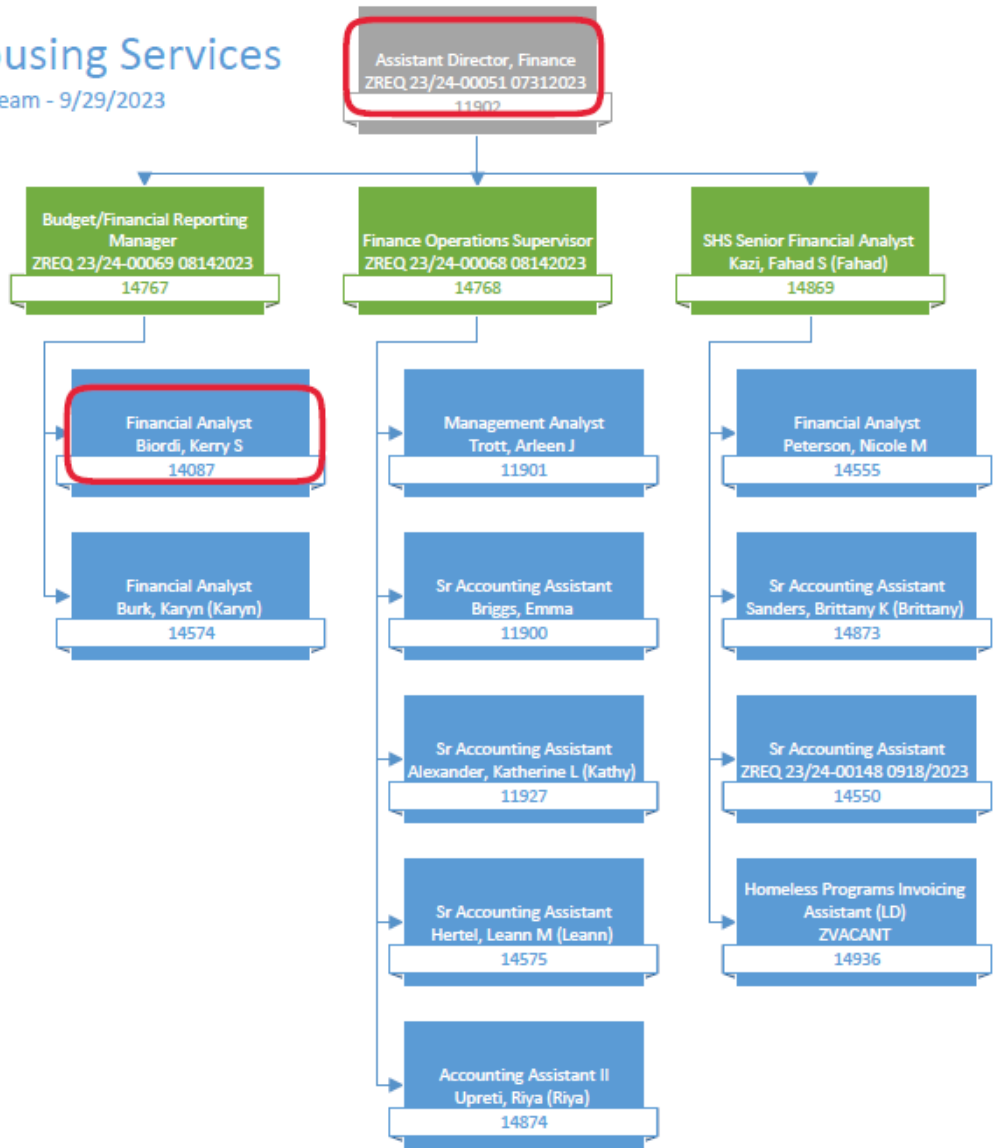


Exhibit E - Capacity

Dept of Housing Services
Leadership Team - 9/29/2023

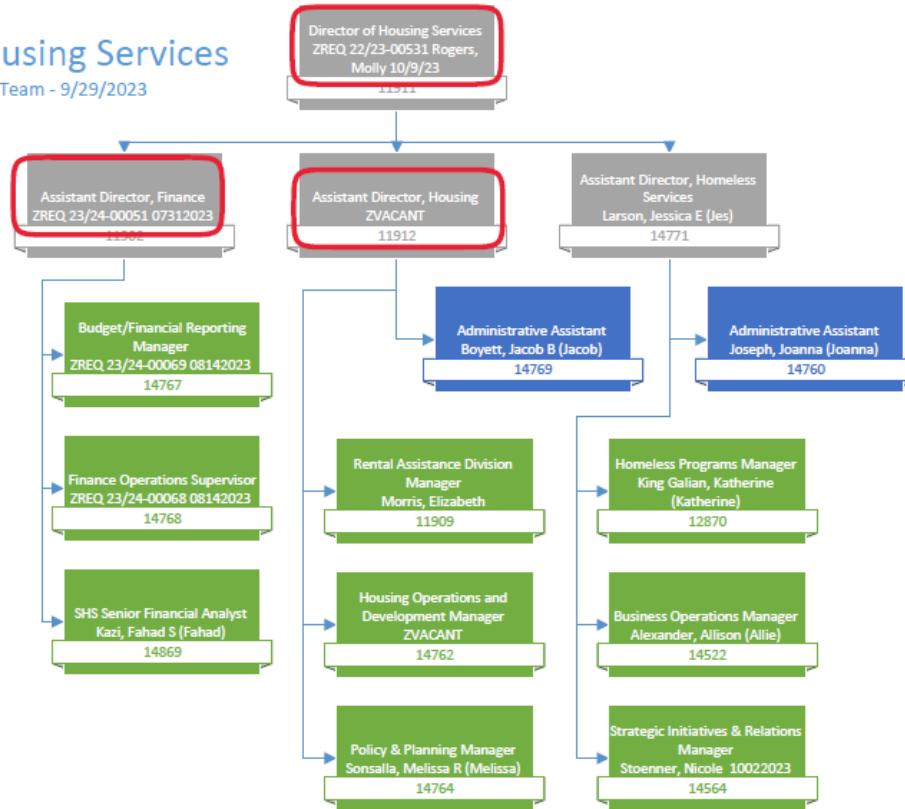


Exhibit F - Leverage
Washington County Housing

Exhibit F - Leverage

d.i.) Are you leveraging other funding or non-financial contributions? (10 points)

This grant will be leveraged by the planned resyndication of the Woodspring Apartments. The Authority acquired Woodspring using a financial structure that will facilitate resyndication, and will utilize this value as part of the acquisition strategy funded by the grant.