

EXHIBIT B: Project summary submitted by Washington County | Metro bond concept endorsement for The Valfre at Avenida 26

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Project Overview

The Valfre at Avenida 26 is a proposed affordable multi-family housing development located on a 1.36-acre site at 2525 A Street in Forest Grove, Oregon. Prior to purchase by DCM Communities LLC, the property was owned and operated by Van Doren Red-E-Mix, Inc. (a ready-mix concrete manufacturer). The former facility consisted of a vehicle and equipment maintenance shop, a concrete batch plant, a wastewater settling pond, and a single-family residence used as a rental property and office. The concrete batch plant was demolished in 2015 and the settling pond removed by 2016, but the maintenance shop and single-family are currently onsite and will be demolished as a part of this project development.

The project will consist of six buildings (3 two-story, 2 three-story, 1 one-story) totaling 36 units, ranging in size from one-bedroom to three-bedrooms. The single-story building will house a community room. The project will serve families whose incomes are at or below 60% of medium area income (MFI), with 8 units serving families whose incomes are at or below 30% of MFI, consisting of (4) one-bedroom and (4) two-bedroom units designated as Permanent Supportive Housing (PSH) units.

The team is led by DCM Communities LLC, who owns the site and will act as the Developer for the project. DCM will provide turn-key development services to The Housing Authority of Washington County (HAWC), who will be the eventual owner of the development.

Total Project Costs are \$13.6 million anticipated to be financed with \$3.792 million in Metro Bond funds, \$500k of Housing Production Opportunity Funds from Washington County, \$375,345 in deferred developer fee, \$4.14 million in 4% LIHTC equity, and a \$4.8 million permanent loan.

Changes between Concept Endorsement and Final Approval

Revisions since concept approval

- Number of buildings: From five (5), 2-story buildings to six (6) buildings total – Three (3) 2-story buildings, two (2) 3-story buildings, and one (1) 1-story building
- Building(s) orientation: Majority of buildings now orient East-West vs. split previously
- Courtyards: Building orientation and site layout maximized the courtyard area(s)
- Parking: From 40 spots to 48
- Unit Square Footage: Increase in unit sizes resulting in a total increase, from 28,050 to 29,537
- Total project costs increased from \$10.99 million to \$13.6 million

Preliminary Development Program

Unit size (no. of bedrooms)	No. of units	AMI %	PBVs	Square feet/unit	Gross monthly rent/unit
One-bedroom	4	30%	4	586	\$518

Two-bedroom	4	30%	4	787	\$621
One-bedroom	2	60%		641	\$1036
Two-bedroom	17	60%		787	\$1243
Two-bedroom	3	60%		858	\$1243
Three- bedroom	6	60%		1,137	\$1437
Total residential	36			29,549	
Community building				3,464	
Total SF				33,001	

The project unit breakdown consists of (6) one-bedroom units, (24) two-bedroom units, and (6) three-bedroom units. The three-bedroom units will be designed as two-story townhomes, giving our larger families the experience of living in a more traditional, house-like structure. 22% of units will serve households at 30% or less of AMI and has requested site-based rental assistance from Washington County. Forest Grove has a higher share of four or more person households than Washington County and a much higher share than the state with 28.7% of the Forest Grove population in a household that is four-person or larger. To that end, 83% of all units in the development will serve households in a two- or three-bedroom unit.

The development features three two-story buildings and two three-story buildings clustered around the community building and outdoor spaces. Centralized outdoor areas include multiple concrete accessible walkways, while the southern side of the development features access aisles and 48 parking spaces. Other building amenities include a community facility consisting of an activity room, a resident service office, and laundry room. Site amenities include an ample playground area, garden plots/boxes, outdoor seating area, and lawn for outdoor recreation. These facilities will promote community and gathering, as well as accommodation of culturally specific social activities. The project will meet or exceed the requirements for Earth Advantage Gold certification.

Project Image



Background

In November 2018, voters authorized Metro to issue \$652.8 million in bonds to support affordable housing. Washington County will receive 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 be approved for funding, proposed projects must be consistent with the LIS. DCM applied to this NOFA for this Forest Grove project. The project has proceeded through the NOFA evaluation process which has included:

- Staff threshold review
- Third-party financial feasibility analysis
- Evaluation committee review
- Housing Advisory Committee review.

The project was approved by the Washington County Board of Commissioners for Concept Endorsement on September 1, 2020 and approved by Metro for Concept Endorsement on September 17, 2020.

The Valfre at Avenida 26 will be ready to close on construction financing in mid-July 2021 with project completion anticipated before year-end 2022. Site acquisition and environmental due diligence was completed prior to Concept Endorsement. The preliminary application for 4% tax credits and conduit bond has been submitted. HAWC was approved up to \$7.2 million in private activity bond cap from the State Private Activity Bond Committee on April 21, 2021.

The development team was awarded preapplication financing from Community Housing Fund (CHF) and launched into full design development. The City of Forest Grove Planning Commission approved the plan for the project on April 5, 2021. The finance team of lender and investor are on-board and are beginning to meet regularly as the project gets closer to closing.

Location and Neighborhood



The site is in a walkable, centralized neighborhood two blocks from Harvey Clarke Elementary School, across the street from Lincoln Park and two blocks from Sites City park. The walkable neighborhood contains sidewalks and pedestrian-scaled buildings. The residential area includes small single homes, middle housing and garden apartment buildings.

The site is adjacent to Pacific University and within an easy walk to downtown Forest Grove, as well as food markets, services, and employment opportunities in the immediate neighborhood. Other amenities and services include Forest Grove City Library, Tri-Met and Mid-Columbia bus stops, elementary school, and an aquatic park.

Site

The site is zoned Residential Multi-family High Density (RMH) which allows up to 34 units outright and 38 units with a Planned Unit Development density bonus, which the development plans to pursue in order to entitle the proposed 36 units. The 1.36 acre site currently contains industrial accessory buildings, heavy equipment storage and is secured with a metal perimeter fence. This equipment and buildings were part of the Van Doren Red-E-Mix facility that began operations in 1946. Most of that facility was demolished in 2015. The remaining site buildings will be demolished as part of the development. Prior to 1946, the property consisted of agricultural fields and an associated residence previously located on the eastern portion of the site. A Phase I Environmental report for the site indicates no Recognized, Historical or Controlled Environmental Conditions.

The subject site contains three tax lots: Lots 2100, 2200 and 2300 on Washington County Tax Assessor's Map 1N2-33CB and is specifically identified as Lots 12,12 and 14 of the Branford Addition to Forest Grove. The Project Developer/Sponsor, DCM Communities, purchased the property in January 2020. The existing lots have been consolidated.

Describe key findings from the Phase 1 environmental assessment and geotechnical report, and any follow up studies underway.

Phase I

- A Phase I site assessment was completed on February 22, 2021.
- 2525 A Street and 2508 Main were historically the location of a former concrete batch plant which was previously owned by Van Doren Redi-Mix.
- The Phase I ESA revealed no evidence of RECs (recognized environmental conditions) in connection with the Property.
- De minimis conditions were identified:
 - At the time of property redevelopment, any identified septic systems, domestic wells, or heating oil tanks should be decommissioned in accordance with federal, state, and local regulations. It is possible that limited quantities of chemically impacted soil could be encountered during decommissioning of these features. MFA prepared a contaminated media management plan (CMMP) for 2525 A Street; the CMMP outlines protocols to be followed for any activities that penetrate the ground surface and result in disturbance of, or exposure to, soil or groundwater at the site, and for the management of soil or groundwater generated from these types of activities (MFA, 2020).

Geotechnical Report

- A geotechnical site investigation was performed on September 25th and 28th, 2020 and a final report was distributed on October 21, 2020 by Alder Geotechnical Services.
- The site is suitable for the proposed development.
- The site has varying depths of undocumented fill that will need to be removed and replaced with compacted fill suitable for construction of this proposed development type.
- Recommendations have been made as to the design and fill requirements for building foundations, stormwater and site water drainage.
- A geotechnical engineer will be present during key building stages to report on the progress of the geotechnical requirements for construction.

Project Financing

Total Project Costs are \$13.6 million with total hard costs for construction projected \$6.909 million, and the development team is requesting \$3.792 million in Metro Bond funds. Other sources of income include a \$385,127 deferred developer fee, and \$4.14 million in a 4% LIHTC award. A \$4.8 million permanent loan is anticipated for the project. Total cost per unit is \$378,145; cost is \$390.08 per gross SF.

With HAWC’s involvement in the project, it will receive ongoing property tax exemption. The City of Forest Grove also provides a density bonus, which the development team will pursue.

Funding Source	Amount
OHCS Programs	\$4,135,910
Total OHCS Grants and Equity	\$4,135,910
Non-OHCS Grants	
Metro Housing Bond	\$3,792,088
Housing Opportunity Fund	\$500,000

Total Non-OHCS Grants	\$4,292,088
Loans	\$4,800,000
Deferred Developer Fee	\$375,345
Total Fund Sources	\$13,603,343

Uses of Funds	Amount
Acquisition Costs	\$777,587
Construction Costs	\$9,055,627
Total Development Cost	\$3,770,129
Total Project Cost	\$13,603,343

Development Team

The team is led by DCM Communities LLC, who will act as the Developer and Sponsor for the project. DCM will provide turn-key development services to The Housing Authority of Washington County (HAWC), who will be the Owner of the development. Service partners include Bienestar and Sequoia Mental Health. Cascade Property Management is also part of the team.

DCM Communities LLC is a newly formed, mission-driven development company that represents a unique collaboration between dedicated professionals representing the various disciplines involved in developing affordable housing. Principals Stephen McMurtrey, Brian Carleton, and Chris Duffin bring decades of experience in design, construction, development, and financing of affordable housing throughout Oregon and Washington. Partners in affordable housing development, the beginning idea for this venture was forged when they collaborated through the Meyer Memorial Trust Cost-Efficiencies Workgroup in 2014. As a result, they have come together to provide an integrated development model focused on capacity building design, construction, and management that can deliver successful projects efficiently and holistically to smaller communities in the region.

The Housing Authority of Washington County (HAWC) has been providing and developing affordable housing opportunities in Washington County for nearly 50 years. Begun in 1970, the effort has continued in the County’s Department of Housing Services (DHS). The Department of Housing Services was formed in 1992 to administer housing activities and programs of the County and the Housing Authority. HAWC remains a separate legal entity and contracts with the County to implement and administer Housing Authority programs and all support services. This mission of the Department of Housing Services/HAWC is to provide a continuum of affordable housing options that promote community strength. Currently, DHS/HAWC administers 2,828 Section 8 Rental Assistance Vouchers and has a portfolio of 1,818 affordable housing (developed independently and in partnership with developers) and public housing units with 264 units in the pipeline.

Bienestar, an experienced affordable housing provider based in Washington County, will collaborate with DCM during the development process to lead the effort in community outreach and inclusion as well as equitable marketing and lease-up. Long term, Bienestar will collaborate with HAWC to provide on-site services to the families and individuals who live at this development.

Sequoia Mental Health Services, Inc. is a nonprofit organization incorporated in the State of Oregon, providing mental health and substance use services for the residents of Washington County. The parent agencies of Sequoia were founded in the 1980s (Homestreet in 1981 and Banyan Tree in 1984). Sequoia MHS currently provides an array of behavioral health services for adults and children and believes that individuals have the right to culturally competent, accessible, person-centered treatment and that anyone can recover, resume and maintain a life full of hope and meaning. Services are provided by licensed medical practitioners (MDs and Nurse Practitioners), licensed clinical social workers, Qualified Mental Health Professionals with master's degrees, Qualified Mental Health Associations with bachelor's degrees and certified peer specialists.

Cascade Management has created a tradition of excellence with over 45 years of experience in property management, development, resident relocation, capital planning, affordable housing and beyond. Cascade Management has made social equity and diversity a priority and is committed to providing equal access to all with regard to employment, vendor relationships and contracting opportunities. Cascade Management works to assure they are providing the highest level of service to these diverse resident groups and communities.

Community Engagement

Over the past six months, Washington County staff coordinated eight listening sessions with individuals from a variety of cultural groups by contracting with culturally specific organizations active in Washington County. Those listening sessions focused on receiving input on project design. Feedback from the sessions were collated and shared out with each Affordable Housing Bond-funded project in Washington County.

Project specific engagement to-date has included two focus groups with members of the Latinx community coordinated by partner, Bienestar, two neighborhood meetings, and one public hearing required as a part of the City of Forest Grove's Planned Unit Development Application process. Primary input from these engagement events has been incorporated in the project design:

- Focus on maximizing outdoor space (focus group)
- Focus on durable, exterior seating and play space (focus group)
- Focus on increased/permanent seating areas around the courtyard areas (focus group)
- Focus on family proximity to courtyard for visibility (focus group)
- Focus on increasing parking to minimize neighborhood impact (neighborhood)
- Washer/dryer units in three-bedroom units (listening sessions).

A Community Engagement report with additional details has been submitted as part of Final Approval.

Advancing Racial Equity

The development team and project partners submitted an equity plan that prescribes a how a comprehensive multi-lingual marketing and lease-up plan to ensure racial and economic equity, that all classes of disadvantaged populations will have equal and fair access to rent units at FGFH, and that the project is furthering affordable housing choice in Washington County. Forest Grove and adjacent Cornelius have been a center for the Latinx community since WWII, when the implementation of the "Bracero" program allowed Mexican immigrant workers to build the agricultural workforce during the war. Latinxs represent over 30% of the Forest Grove/Cornelius population, which makes this group the area's largest community of color. At the same time,

gentrification and displacement pressures on the Latinx community and other communities of color are intensifying as the cost of living in Forest Grove/Cornelius has consistently increased year over year.

Bienestar's historical model consists of marketing availability of units through the following in-person strategies: in-person visits to major employment centers, communication at places of worship, libraries, and stores owned by Latinx entrepreneurs or frequented by Latinx target populations. Additionally, Bienestar will rely on word of mouth via its Promotores as part of their normal volunteer activities and in their respective places of work and direct referrals from our 2,000 tenants from among their social and professional networks. Bienestar's Promotores are resident leaders who connect other residents to needed services, coordinate service provision at properties with Bienestar staff and advocate for their communities' interests in public forums and processes.

Bienestar will partner with LatinoBuilt, a trade association for Latinx Contractors in Oregon seeking to build a community that empowers and supports the voices of Latinx-owned businesses in their efforts to overcome barriers, develop capacity, promote and enrich lives. Bienestar and LMC will work with LatinoBuilt to hold informative sessions with local MWESB-SDV contractors who are based in Washington County.

LMC will engage personally with the target subcontractors to reach and potentially exceed a goal of 35% DMWESB involvement. In order to maximize participation, the development team will provide pre-bid outreach to the community to prepare them for the upcoming bid opportunities and offer support to any firms interested in getting involved, partner with local membership groups to include their resources and networking opportunities, utilize LMC's network of qualified MWESB & Section 3 firms that have experience in similar work. In addition to outreach and marketing strategies, LMC will provide cash flow assistance through an expedited payment process ahead of monthly project draws, provide prevailing Wage, Section 3 and Workforce Training support and reporting guidance, and allow for on-the-job training in order to include persons with minimal previous work experience.

As the project Architect, Carleton Hart Architecture is committed to social equity in projects and business practices. CHA spent 24 years certified with the State of Oregon as a Disadvantaged Business Enterprise and Minority Business Enterprise. Though no longer certified, equity and diversity remain intrinsic to operations and project. They also provide equity training to staff and have Community Agreements posted throughout the office. They have identified that project civil engineer and landscape architect will be certified Women Owned (WBE) firms, the geotechnical engineer is an ESB firm and are targeting an MBE for structural engineering work.

Partnerships and Services

Bienestar will collaborate with HAWC to provide on-site services to the families and individuals who live at this development. A trained Bienestar staff member will provide information and referral services, coordinate community events, and connect with other service providers to bring a wide array of opportunities to residents. This staff will have a part-time presence at the property to support residents who need connections to Bienestar's many partner organizations. They will also work with the Resident Services Director and other Bienestar staff to provide presentations, community building events, and youth enrichment services at Forest Grove Family Housing.

Services will be provided in partnership with Bienestar to ensure that culturally specific, bilingual care is provided to the residents. Special emphasis will be placed on developing relationships with culturally specific service providers that already maintain a working relationship with Bienestar, such as Adelante Mujeres and Centro Cultural and Virginia Garcia Memorial Health Center, to ensure that a diverse resident population will have their needs met. Once the project is funded, Sequoia will hire a service case manager/service coordinator who is bilingual and bicultural. Sequoia staff and Bienestar resident service staff will consult routinely to share information, problem solve issues and avoid or mitigate crisis situations. Additionally, Sequoia staff will work hand in hand with Bienestar's *Promotores* to provide outreach and watch for signs that a resident may be experiencing a crisis, and will meet regularly with Bienestar resident services staff and on-site property management staff to coordinate services PSH residents and the property as a whole.

Anticipated Timeline

September 2020 – Concept Endorsement

April 5, 2021 – Planning Commission Approval

April 20, 2021 – Housing Production Opportunity Fund Approval

April 21, 2021 – Private Activity Bond Approval

May 18, 2021 – Final Approval – Washington County Board of Commissioners

May 30, 2021 – Final Approval – Metro

July 15, 2021 – Construction Financing Closing

July 15, 2021 – Construction Start

September 2022 – Construction Completion

August -December 2022 – Lease-up