

Updated Heritage Square FAQ

Updated 3-21-2022

Q: What are the potential funding sources?

A: Potential funding sources include:

- 4% Low Income Housing Tax Credits
- Oregon Housing and Community Services (OHCS) Local Innovation and Fast Track (LIFT) Rental Funding
- Tax Exempt Bond Financing
- Project Based Vouchers (Rental Assistance for 33 Clatsop Behavioral Health units)
- City/Astoria Development Commission funding such as a land write-down, tax abatement, and urban renewal funds, specifics TBD in negotiations with City (to be discussed in City Council Work Session on April 1, 2022; and to be considered for Council authorization on April 4, 2022)

Q: What are the proposed rents?

A: Below are the rents based on Clatsop County’s 2021 Area Median Income (AMI) data produced by US Department of Housing and Urban Development (HUD).

Affordable Rent Calculation:

- Household pays no more than 30% of gross income on rent **and** utilities
- 2-bedroom unit is assumed to house 3 people
- For a 3-person household, 2021 annual AMI = \$65,610
- 60% AMI = \$39,366
- Monthly gross income = \$3,280 per month
- 30% of monthly income = \$984
- Less utility allowance = maximum rent = \$939

2021 *Maximum* Rents, by income level and unit size

Unit Type	30% AMI	60% AMI	80% AMI	100% AMI
Small Studio	30% of Resident Income *	NA	NA	NA
Studio	NA	738	994	1,249
1-bedroom	NA	787	1,061	1,334
2-bedroom	NA	939	1,267	1,595
3-bedroom	NA	1,091	1,470	1,849

2022 Rent**

Unit Type	30% AMI	60% AMI	80% AMI	100% AMI
Small Studio	30% of Resident Income *	NA	NA	NA
Studio	NA	779	1,049	1,317
1-bedroom	NA	830	1,119	1,407
2-bedroom	NA	991	1,337	1,683
3-bedroom	NA	1,151	1,551	1,951

*Assumes Project Based Vouchers

** Assumes 5.5% Increase

Q: Was underground parking considered?

A: Yes, underground parking was considered and priced for the project. Given the cost premium associated with underground parking, especially given the high water table for this part of Downtown Astoria, the project team has moved forward with surface parking.

Q: Have the developers modified their plans to take community concerns into account?

A: Yes. It was always the intent that the developer’s initial response to the RFEI would be a preliminary plan and program, subject to refinement based on community feedback as well as input from City officials. One major change that has already been made is to limit the entire project to the eastern half of the block, including the Clatsop Behavioral Health component. The original concept was to house CBH in a separate building on the smaller lot in the SW corner of the block, currently occupied by parking. By moving the CBH component into the eastern half of the block, the existing parking in the SW corner can be retained, and is potentially available to continue to serve existing users (e.g., members of the Legion as well as those visiting the Senior Center), along with residents of the new development.

Another change that the developer is now considering is to introduce a plaza immediately west of the Garden of Surging Waves. The plaza could serve the Sunday Market and other uses; it might also be available as supplemental parking when it is not being used for community purposes.

The developer and architect continue to refine the design in response to community feedback.

Q: Will the proposed building be compatible with our historic downtown buildings?

A: The developer and project architect are both committed to designing a building that complements and is compatible with the remarkable nearby historic architecture (including the Liberty Theater, Elliott Hotel, and City Hall, amongst others). The architect is consulting with City Historian John Goodenberger on the design of the proposed building. Moreover, the project will be subject to review by Astoria's Historic Landmarks Commission. Their primary purpose in reviewing new buildings is to assure compatibility with the historic context. Their review will take place in a public hearing, where interested community members will be invited to provide input.

Q: When should we expect a building design to be available for the public to review?

A: The best time for the public to review the building design will be at the Historic Landmarks Commission. The developer anticipates submitting the design review application to the HLC in August, with hearings taking place in September or October.

Q: How will this affect the Sunday market?

A: As noted, the developer is now investigating a new design concept that would incorporate a plaza on a portion of the site, immediately adjoining the Garden of Surging Waves. This plaza is intended to accommodate the Sunday Market and potentially other users for community events.

Q: Will CBH enact a Good Neighbor Agreement as part of this proposal?

A: CBH welcomes the opportunity to draft a Good Neighbor Agreement to City and community feedback.

Q: Is the CBH facility a homeless shelter?

A: No.

Q: Will the CBH facility be providing meals or other services to homeless people walking in off the street? In other words, will this facility be drawing the homeless population towards Heritage Square?

A: No.

Q: *Who will reside in the CBH units and how will they be screened?*

A: In order to live in the CBH units, a tenant will have to earn a very low income (30% of AMI), and will have to be thoroughly vetted before being admitted. CBH will prioritize clients who are actively engaged in programs intended to stabilize and support them.

Q: *Will the development have to pay any property taxes?*

A: The City Council will be considering a limited or complete tax abatement for the project at the April 1 City Council Work Session. The item will be brought back for possible Council action on April 4.

Q: *Aren't there other places in Astoria to locate this development?*

A: The City has a limited number of properties where it might seek to address its goal of creating more opportunities for workforce housing in or near Downtown. The City cannot require other private or public owners to do so. That said, given our housing crisis, the City would welcome owners of other properties initiating the development of much needed housing.

Q: *Please address concerns about the size of the building.*

A: The project as proposed is similar in scale to other larger buildings in the Downtown area. Several buildings are taller than the proposed Heritage Square project and the project will be compliant with existing zoning requirements for height.

Q: *Please address concerns about the loss of parking when this site is redeveloped.*

A: Parking is and will be a City Council priority. Edlen seeks City Council direction on parking as well as other issues.

FAQ: State Programs for Housing Funding

Updated 2-18-2022

The information provided below is extracted from a memorandum prepared by consultant John Southgate for the February 7, 2022 public hearing of the Astoria City Council, regarding the proposal of Edlen & Co. Development, LLC (“Edlen”) to purchase the “Heritage Square” property and redevelop it with a mix of workforce housing

(serving households at 60% and 80% of Median Family Income, or “MFI”); along with a building for Clatsop Behavioral Health (“CBH”), containing 33 units serving individuals at or below 30% MFI, individuals who are clients of CBH. This information provides an overview of the State-administered programs that Edlen intends to pursue to fund the overall project. Following the overview, there are a number of questions that have arisen with regard to the project funding along with answers derived from various sources.

Overview of LIHTC and LIFT Programs

The State’s LIFT (“Local Innovation Fast Track”) and LIHTC (“Low Income Housing Tax Credit”) programs require that for initial qualification for residency, tenants’ annual income not exceed target

levels. These vary based on the unit but will not exceed 80% of AMI (Area Median Income). The development’s *average* unit affordability must be targeted to tenants earning no more than 60%

AMI. By combining the two projects (the affordable/workforce housing in the main building, and CBH’s units serving households at 30% AMI), the larger project can have a fair number of 80% units and still maintain the overall (combined) project averaging 60%. That said, income averaging is a relatively new aspect of the LIHTC program, and many investors are waiting for additional guidance from the IRS before they invest in projects utilizing income averaging. In this context, it’s important to keep the number of 80% units less than the maximum that theoretically would be allowed.

AMI figures are adjusted annually, roughly following the CPI (Consumer Price Index). 2022 figures are expected in April and are forecast to increase as much as 8% over the 2021 AMI. (Note that this is a national figure; the increase in Clatsop County and any other jurisdiction will likely differ from the national average increase).

Using last year’s figures, for 80% AMI units, household income limits for initial qualification range from

\$40,880 (one person) to \$58,320 (4 person household). For 60% AMI units, income limits range from

\$30,660 to \$43,740. Initial qualification is based on annual income, not hourly wage. Using projected 2022 figures, for 80% AMI units, household income limits could range from \$44,150 (one person) to

\$62,985 (4 person household). For 60% AMI units, income limits could range from \$33,119 to \$47,240.

Projected rents range from \$738 - \$994 for a studio to \$787 - \$1061 for a 1BR and \$1091 - \$1470 for a 3BR. These figures are based on current (2021) AMI; they will likely be 5-8% higher per year, with anticipated inflationary adjustments.

Once in a residence, tenants may remain even as their incomes rise above the limit for initial qualification. There is no disincentive to tenants advancing in their careers, finding a new job or otherwise making more money. That said, ideally, as their income goes up, they may choose to move or perhaps buy a home, thereby making the unit available to another lower-wage household.

While LIHTC programs must be available “to the general public” (including seniors), federal law allows for optional preferences (with OHCS approval) to veterans, tenants with special needs, tenants involved in the arts, and some other categories (women fleeing domestic violence, people with disabilities). LIHTC may not be used for targeting members of a particular workforce.

Q: *How often is AMI re-calculated? How is this figure determined?*

A: For Clatsop County, a special tabulation of Area Median Income (AMI, which is the same as Median Family Income) estimates from the 2014-2018 5-year American Community Survey (ACS) was prepared by the U.S. Census Bureau and used by the Department of Housing and Urban Development (HUD) as the basis for calculating HUD's fiscal year 2021 MFIs. The American Community Survey is a demographic survey conducted by the U.S. Census Bureau annually to collect data about income, employment, housing, citizenship, and heritage. The 2014-2018 5-year ACS data is inflated to fiscal year 2021 midpoint using the Consumer Price Index (CPI) which is forecasted by the Congressional Budget Office.

Q: *What information is considered to determine the applicant's income level? Is it pre-tax income? All earned and unearned income (including interest/dividends etc) or just pay stub? Is the value of any other compensation and benefits considered in determining what % of AMI the applicant makes?*

A: Prior to occupancy qualifying tenants must complete an application which is recertified annually. All earned, unearned, and asset income expected during the first 12 months following occupancy must be disclosed by amount and source. The amount disclosed must be the full amount prior to any payroll deductions. See full list from OHCS LIHTC Compliance Manual below. Verification of income includes third party verification from employers, banks, government agencies or other organizations containing documentation of household income/assets. Examples include wage statements, interest statements, unemployment compensation statements, and social security award letters. ¹

¹ <https://www.oregon.gov/ohcs/compliance-monitoring/Documents/compliance/lihtc/LIHTC-Compliance-Manual-2016.pdf>

Annual Income Inclusions

Annual income includes all amounts that are not specifically excluded by regulation. The following types of income (partial list) are included when calculating annual income and a full list of countable income sources can be found in the HUD Handbook 4350.3 – subject to change at HUD’s discretion:

- The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
- The net income from operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income.
- Interest, dividends, and other net income of any kind from real or personal property.
- When the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.
- The full amount of periodic amounts received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts.
- Payments in lieu of earnings, such as unemployment, disability compensation, worker’s compensation, and severance pay.
- Welfare Assistance such as TANF received by the family (does not include non-cash food benefits/SNAP/WIC).
- All regular contributions or gifts received from organizations or from persons not residing in the dwelling.
- Annual and periodic child support and/or alimony payments.
- All regular pay, special pay, and allowances of a member of the Armed Forces, except as provided under Income Exclusions.

Q: How often does the property manager require an updated proof of income level from the resident?

A: For 1005 LIHTC projects, recertification occurs one year after move-in with third-party, after that self- certification occurs annually upon anniversary of move-in date. Self-certification requires proof of filed IRS Tax Return.

Q: *If a resident’s income rises above the allowable % of AMI, what is the process and timeline for evicting the resident? Is there a grace period or a % allowance for deviation from the maximum % AMI?*

A: Tenants residing in a low-income unit in any building can reside in that unit until their income increases above 140% of the applicable income limit. At recertification, if the household surpasses the 140% limit, the project will remain in compliance if the next available unit of similar size is rented to a qualified applicant. For example, if a family in Unit 1 (800 sqft 2-bedroom) recertifies above 140% and Unit 2 (825 sqft 2-bedroom) becomes available, that unit must be rented to a low-income qualifying tenant to comply. In other words, if a tenant initially qualified for a low-income set-aside upon move-in, they continue to have a right to live at the property even if their income increases. This policy is called the “Next Available Unit Rule”.²

² <https://www.oregon.gov/ohcs/compliance-monitoring/Documents/compliance/lihtc/LIHTC-Compliance-Manual-2016.pdf>

Q: Please explain the difference between 1 and greater number household size. If 80% AMI for a 4 person household is \$28.04, does that mean the total income of all persons in the household can't exceed \$28.04/hr? So two parents making \$15/hour each, working full time, with two kids, would have a combined income of \$30/hour and thus would exceed the 80% AMI limit?

A: That is correct they would not qualify for an 80% AMI unit as their combined income would be \$62,400 or closer to 85% AMI.

Q: If a group of employers were interested in doing so, could they propose providing a subsidy to the developer - either as an upfront construction payment or a recurring payment - in order to set aside a certain number of units for their employees making above 80% AMI?

A: Theoretically yes. Edlen would have to determine what the required subsidy would be. If these units are part of the same ownership as the tax credit project, Edlen will need to consult with tax credit investors to see what percentage of units above 80% AMI they would be comfortable with.

Q: Can the development require proof of Astoria, or at least Clatsop County, residency or work history for some period of time (e.g. 6-12 months) to ensure that the housing truly benefits Astorians?

A: Targeted marketing and outreach can be done to ensure the Astoria community is well informed of the project and the process to obtain housing, but it is against Fair Housing Guidelines to require proof of residency prior to applying for a unit.

Q: How is the "average 60% of AMI" unit count calculated? Based on the total number of units regardless of size, or based on square footage? If there are 33 microunits at CBH at 30% AMI, and we want the maximum number of 80% AMI units in the other building, how many 80% units and how many 60% units can we have (assume a 4 story building with 75 units?)

A: The average is based on the number of units regardless of size and square footage so you could theoretically support up to 49 units at 80% assuming 33 units at 30% (and the rest at 60%). That said, income averaging is a relatively new provision in the tax code and not all tax credit investors are comfortable with it as currently written (most are waiting for IRS guidance to be issued) so it will be more feasible to find an investor with a lower percentage of 80% units.

Q: *I understand that HUD classifies 50% AMI or lower as “very low income” and 50-80% AMI as “low income”. So if we maintain a separation in our discussions of the CBH project and the larger project on the east side of the block, the CBH project all falls into the “very low income” category. Is there any reason there would need to be any housing below 50% AMI in the larger building? If not then all the units in the larger building would be considered “low income” housing by HUD as well as “workforce housing” by us in terms of our intent for the units.*

A: Technically, the CHB units at 30% AMI are considered ‘extremely low income.’ Edlen is not proposing to include any units below 60% AMI in the larger building.

Q: *Lastly it would be useful to have current stats on how many jobs we have in Astoria/Clatsop County that pay below the 80% AMI figure or otherwise project how many 1-4 person households might qualify, in order to address the “no one in our workforce will qualify” claims.*

A: Edlen & Co. has stated their willingness to work with the chamber to survey large employers to find out approximately how many employees may qualify. Note this will only give us partial information, because we won’t know the household size or if the household has more than one income.

More information sources:

LIFT <https://www.ncsha.org/wp-content/uploads/Oregon-Rental-Housing-Encouraging-New-Production-2019.pdf>

LIHTC <https://www.huduser.gov/portal/datasets/lihtc.html>

LIHTC Program Compliance Manual <https://www.oregon.gov/ohcs/compliance-monitoring/Documents/compliance/lihtc/LIHTC-Compliance-Manual-2016.pdf>