

Date: October 11, 2019
To: Grace Memorial Episcopal Church Vestry
From: Grace Development Committee

The Development Committee enthusiastically and unanimously recommends Northwest Housing Alternatives to Vestry as the developer for Grace Commons.

On the advice of our consultant Ross Cornelius and our architect Brian Carleton, the Development Committee interviewed four potential developers: REACH Community Development, Community Development Partners, Green Light Development, and NHA. All four candidates were excellent (Ross had worked with all four in the past, and Brian with all but for Green Light), and the process of interviewing them was instructive and fascinating.

At the conclusion of the interviews, we realized that we had the “good problem” that there was no mistake to be made here: any of the four developers would have been a strong choice as our partner. We ultimately chose to recommend NHA by to you by contrasting them with our goals and our needs (see Addendum #1) and by responding to a survey devised by Nancy Entrikin (see Addendum #2). NHA scored the highest on all 11 questions.

NHA stood out to us for several reasons.

- All of their projects are in the black and they have completed all the projects they have started.
- They have a depth of experience with projects similar to the Grace Commons project that the other developers didn't share.
- They have staff that can help with the fundraising effort.
- They showed enthusiasm for and belief in the project.
- They are a not-for-profit organization. Their headquarters in Milwaukie is surrounded by affordable housing and sits next to the Annie Ross Family Homeless Shelter. It is an inspiration to visit and we would be glad to arrange a tour for anyone who would like to do just that.

As far as next steps, we will begin developing with NHA a shared Memorandum of Understanding of the project parameters which will include things like project goals, program participants, housing population to be served, rough timeline and any must or must-nots dos. This MOU will be turned into a more detailed agreement later on which will list risks and rewards sharing. NHA has agreed to commit and risk some funds before we get to that level.

Again, we heartily recommend NHA to Vestry and we hope that you will name them as our developer. (NHA's “Who We Are” statement is attached as Addendum #3.) We understand that you will be meeting with NHA on Tuesday the 15th. We hope that you will find your time with them as exciting and as energizing as we have.

Respectfully submitted,

The Grace Commons Development Committee

Addendum #1 – Goal and Needs as Identified by the Development Committee

Ross:

- We have some challenges to overcome with land use, but we now know what they are.
- Because we are mixed use, we are more complicated.
- Bond money will be coming out the first of the year.
- Brian has submitted the predevelopment architect costs \$87,000.
 - A. Pre-Development Money. How does this come together?
 - B. What have we learned to help us pick the right developer?

Martin: We need to find a developer who fits with our group and wants to make this work. They need to be collaborative.

Ross: There is a fear that some might take advantage of the church to make a lot of money. What is the balance of the pursuit of money for return and the pursuit of money for mission?

Paddy: We need to sort through their motivations. Are they mission driven, and do they have sources of money for the non-residential spaces.

Ross: The person we work with within a development company is very important, Sharon suggested we should be sure we have in writing the specific person we want to work with.

Ross: We need a developer who is agile and creative. The non-profits might be too bureaucratic. How is the non-residential funded? It is the hardest to underwrite.

Brian:

- Ask about experience with complex projects.
- Ask about the developers role in helping non-profits raise money.
- Ask what they are looking to add to their portfolio. What are their objectives?
- What do you see as the Sponsor's benefit in the project. Risk/Return?

Curt: We need a shot in the arm to keep the project going. \$250,000 to fund the capital campaign, the architect and other pre-development costs. How are the potential developers at working with non-profits? Ask for references. Let's not wait!

Addendum #2 – Survey and its Responses

Points scored out of 5 possible.

1. What is your organization's commitment to this project and why do you want to take it on?

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|--------------------------------|-----|
| Northwest Housing Alternatives | 4.9 |
| Community Development Partners | 3.9 |
| REACH | 3.4 |
| Green Light Development | 2.4 |

2. How does this project relate to your pipeline, staffing and organizational goals?

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|--------------------------------|-----|
| Northwest Housing Alternatives | 4.6 |
| Community Development Partners | 4.1 |
| REACH | 3.9 |
| Green Light Development | 2.5 |

3. Describe your experience and approach to working with non-profit, mission-driven stakeholders in a complicated mixed-use project?

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| Northwest Housing Alternatives | 4.6 |
| Community Development Partners | 4.0 |
| REACH | 2.5 |
| Green Light Development | 2.5 |

4. What kind of team member will you be if selected?

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|--------------------------------|-----|
| Northwest Housing Alternatives | 4.9 |
| Community Development Partners | 4.1 |
| Green Light Development | 3.4 |
| REACH | 3.1 |

5. How do you envision this project being successfully developed and funded while meeting the inclusive vision of the Grace Commons project and the various goals of the partners?

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| Northwest Housing Alternatives | 4.8 |
| Community Development Partners | 3.9 |
| REACH | 3.0 |
| Green Light Development | 3.0 |

6. Describe your vision of how the risks and benefits of the project would be distributed among the sponsors.

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| Northwest Housing Alternatives | 4.1 |
| Community Development Partners | 3.8 |

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| Green Light Development | 3.1 |
| REACH | 2.9 |

7. Describe your experience and approach to working with various public and private funding sources in complicated, mixed use and mixed sponsor projects?

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| Northwest Housing Alternatives | 4.6 |
| Community Development Partners | 4.2 |
| REACH | 3.3 |
| Green Light Development | 2.8 |

8. What will be your approach to long-term ownership of the housing?

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| Northwest Housing Alternatives | 4.7 |
| Community Development Partners | 3.6 |
| REACH | 3.3 |
| Green Light Development | 3.1 |

9. How do you envision the housing operating alongside and in conjunction with the Grace parish, PHAME and GI programs?

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|--------------------------------|-----|
| Northwest Housing Alternatives | 4.5 |
| Community Development Partners | 3.7 |
| Green Light Development | 3.0 |
| REACH | 2.7 |

10. What makes your organization the best choice to develop Grace Commons?

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|--------------------------------|-----|
| Northwest Housing Alternatives | 4.8 |
| Community Development Partners | 3.9 |
| REACH | 2.8 |
| Green Light Development | 2.3 |

11. Do you have any comments, questions or final remarks

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| Northwest Housing Alternatives | 4.8 |
| Community Development Partners | 4.6 |
| REACH | 3.2 |
| Green Light Development | 2.8 |

Addendum #3 – NHA “Who We Are”

Who We Are

Founded in 1982, Northwest Housing Alternatives (NHA) is the leading not-for-profit developer of affordable housing throughout Oregon. Our mission is to create individual opportunity through housing. To that end, NHA develops, builds, and manages rental housing designed for Oregonians with extremely limited incomes; most NHA households earn less than \$16,000 per year. Our housing serves diverse populations including families, workforce, seniors, veterans, and individuals experiencing disabilities, and represents a significant percentage of Oregon’s overall affordable housing stock. These homes help families live healthy and stable lives, allow older adults to age in place, and give people with special needs a dignified residence. Along with providing affordable housing, NHA provides services that connect tenants to critical health and community resources, work to prevent homelessness before it begins, and offer emergency shelter and services for families experiencing homelessness. NHA currently operates nearly 1,900 units in 101 properties across 16 Oregon counties. The multifamily portfolio includes 1,631 units in 32 properties, and a separate DD portfolio includes 238 units in 69 properties. The NHA portfolio also includes the Annie Ross Family Homeless Shelter, NHA’s net zero office building, and several retail/commercial storefronts.