CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Sitting/Acting as the Housing Authority Board of County Commissioners

Policy Session Worksheet

Presentation Date: 9/9/2026 **Approx. Start Time: 11:30 AM** **Approx. Length:** 30 minutes

Presentation Title: Consideration of three options to address HACC's administrative office.

Department: Health, Housing, and Human Services (H3S)

Presenters: Mary Rumbaugh, H3S Director, and Shannon Callahan, Housing Authority Director

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Board consideration of three options to address HACC's administrative office.

EXECUTIVE SUMMARY:

As part of the Clackamas Heights Redevelopment project, three buildings that previously housed HACC's finance, resident services, and maintenance staff were demolished to allow for the construction of more housing units. HACC's main client facing administrative building and an ancillary trailer remain on a separate parcel adjacent to the Redevelopment project.

Approximately one third of HACC clients require support from on-site occupancy specialists to complete paperwork, process move requests, submit reasonable accommodation requests, and update changes to household compositions. HACC's client facing administrative office averages more than 375 in-person visits per month.

As HACC embarked on the public housing repositioning process, HACC knew it would need to address maintenance and capacity issues associated with its client facing administrative office building. The size and layout of the office do not adequately accommodate all of HACC's staff and the building and trailer needs substantial repairs after decades of use.

As outlined in the updated Public Housing Repositioning Plan, approved by the board on January 24, 2024, HACC anticipated using a portion of its disposition proceeds to acquire or develop a new office that better serves the agency's future. When HACC submitted its disposition applications to HUD, it contemplated using a portion of its disposition proceeds to lease or purchase new office space in a different location. Since that time, HACC has evaluated office space options throughout Clackamas County and has determined that leasing or purchasing a different property would not adequately meet HACC's operational, client service, space, parking, and financial needs. After conducting a feasibility study and learning more about the options on the market, HACC believes that substantially renovating and enlarging HACC's existing office space is the best option.

HACC staff explored the following options for addressing its administrative offices;

1) Lease or purchase office space in a different location
2) Minor renovation of the existing office – address failing HVAC systems, replace roof, address mold and dry rot, replace flooring, and repaint interior.
3) Major renovation of the existing office – replace building envelope, enlarge office footprint, reconfigure the floorplan to better accommodate more staff.

Option 1: Lease or purchase office space in a different location

After engaging a broker and looking at numerous properties throughout Clackamas County, HACC did not find an option that included a useable layout with secure client facing meeting space, was large enough to adequately house HACC staff, included sufficient parking for staff and clients, and was listed at a sustainable sales or leasing price. In addition, any properties that HACC were to consider leasing would entail incurring ongoing costs that HACC cannot afford without making cuts to its staff and services.

Option 2: Minor renovation to the existing office

This option includes replacing the existing HVAC units, replacing the roof, replacing the security and entry system, replacing the flooring, interior and exterior paint, and an allowance to remediate mold and dry rot. This scope is estimated to cost over $700,000. One of HACC's concerns with this option is the extent of the mold and dry rot is unknown until the roof is removed. There are signs (leaking light fixtures, staining and soft spots in the ceiling) that indicate this condition could be extensive. Another drawback to this option is that it does not address the inefficient layout of the building and lack of space needed to adequately house HACC staff. Additionally, while these repairs/replacements address some immediate issues facing the building, serious questions remain about the long-term viability of the building and the ancillary trailer.

Option 3: Major renovation of the existing office

This option involves preserving and expanding the existing foundation, demolishing the rest of the building, and replacing it with a larger, durable, energy efficient building that better meets the space and layout needs of HACC. HACC staff engaged an architect to provide conceptual drawings of the renovated building and received a preliminary price estimate of approximately $4 million. Given that the project would be a design, bid, build contract, it is recommended that HACC hold a 10% contingency, bringing the total estimated project cost to approximately $4.5 million.

HACC prefers this option for serval reasons. First, HACC already owns the property which is located adjacent to what will be HACC's largest development, the Clackamas Heights Redevelopment. A major renovation provides HACC the opportunity to design the building to best suit HACC's needs. In addition, HACC has capital funding and transition funding from HUD under the public housing program that needs to be obligated to an eligible project before HACC is completely out of the public housing program in 2028. HACC can use both one-time capital funds and repositioning transition funds to pay for the renovation. In this scenario, there will be no ongoing debt-service or lease payments associated with the HACC administrative office, putting the Authority on a more secure financial platform as it transitions to a new operation model. The building will be new, and the risks associated with the unknowns of a building with significant deferred maintenance are removed.

The proposed approach also allows HACC to maintain continuity of client-facing services at Oregon City View Manor during construction and prior to the sale of that property.

Funding Sources

HACC anticipates it will have $3.3 million in unassigned capital funds through FY 2027. HACC risks losing these funds if they are not obligated to an eligible project before HACC transitions out of the public housing program in 2028. Capital funds are restricted by HUD and can only be used to develop, finance, and modernize public housing. However, capital funds can be used to repair, upgrade, or build a central administrative office building if the office is used to administer Housing Choice Voucher (HCV) or Public Housing services. Since HACC is demolishing or disposing of its public housing stock, it no longer needs these unobligated capital funds to maintain its public housing.

In addition, HACC has started to receive public housing transition funding. This is funding that HUD provides for a period of up to 3-5 years to support housing authorities as they transition out of the public housing program. HUD provides up 3 years of Asset Repositioning Fees (ARF) to help cover ongoing operational and administrative overhead once entire buildings or projects leave the public housing inventory. HUD also provides up to five years of Demolition & Disposition Transition Funding (DDTF) that can be spent on any standard, eligible Capital Fund activity. Neither ARF nor DDTF can be used to develop new affordable housing.

Through the sales of its public housing properties, HACC expects to generate over $62 million in Section 18 disposition proceeds. This is $18.2 million more than originally projected in HACC's 2024 Public Housing Repositioning Plan primarily because HACC successfully secured state LIFT funds to cover development costs associated with the Clackamas Heights Redevelopment that were originally going to be funded with disposition proceeds. Section 18 disposition proceeds are restricted by HUD and cannot be used to develop new affordable housing without dedicated pro-rata voucher funding. Given stagnation in voucher funding levels, it is unlikely that HACC will have enough vouchers to support the meaningful use of all of its Section 18 proceeds for quite some time. However, HUD has approved HACC using disposition proceeds to support the renovation of its administrative offices.

To pay for an estimated $4.345 million office renovation, HACC proposes to first use unobligated Capital Funds, then evaluate available transition funding (DDTF and ARF), and finally use Section 18 disposition proceeds to fill any remaining funding gap. Based on current estimates, HACC anticipates that approximately $1 million to $1.2 million in additional funding beyond the $3.3 million in Capital Funds may be needed, depending on the final project cost and the amount of eligible transition funding available. No County General Funds are involved.

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget? ☒ Yes
What is the cost? *Preliminary cost estimate of $4.345 million*
What is the funding source? *HACC Capital Funds, Demolition Disposition Transitional Funding (DDTF), Asset-Repositioning Fee (ARF), Section 18 Disposition Proceeds.*

The proposed action today does not authorize a construction contract. Following completion of design and competitive procurement, a construction contract with a final cost will be brought back to the Board for review and approval.

STRATEGIC PLAN ALIGNMENT:

- How does this item align with your Department's Strategic Business Plan goals? *Individuals, families and communities are resilient and thriving.*

- How does this item align with the County's Performance Clackamas goals? *Safe, Secure and Livable Communities*

LEGAL/POLICY REQUIREMENTS:

Compliance with applicable funding sources.

PUBLIC/GOVERNMENTAL PARTICIPATION:

HUD has approved the use of Section 18 disposition proceeds for the renovation of HACC's existing administrative office space for HCV program and ancillary departments.

OPTIONS:

1. Direct staff to continue to look for opportunities to lease or purchase office space in a different location.
2. Direct staff to conduct a minor renovation of the existing office.
3. Direct staff to continue to develop architectural plans with the intent of conducting a major renovation of the existing office. These plans will be used as the bid set to procure a general contractor and determine a lump sum cost. The construction contract, including the final project cost, will return to the Board for review and approval.

RECOMMENDATION:

Staff recommends option 3:Direct staff to continue to develop architectural plans with the intent of conducting a major renovation of the existing office. These plans will be used as the bid set to procure a general contractor and determine a lump sum cost. The construction contract, including the final project cost, will be returned to the Board for review and approval.

ATTACHMENTS:

August 2026 Policy Session Power Point Presentation
HACC Office Renovation Budget Estimate
January 2024 HACC Repositioning Policy Worksheet

SUBMITTED BY:

Division Director/Head Approval Callahan
Department Director/Head Approval Mary Rumbaugh
County Administrator Approval ____________________

HACC Office Conceptual Estimate

		Site Area (SF)			***16,000***
		Building Area (SF)			***5,660***
Description		**TOTAL COST**		**$/ SF**	
00.000 DEMOLITION		$	**54,750**	$	**9.67**
01.000 SITEWORK		$	**610,639**	$	**107.89**
02.000 FOUNDATIONS		$	**21,834**	$	**3.86**
03.000 SUBSTRUCTURE		$	**93,948**	$	**16.60**
04.000 SUPERSTRUCTURE		$	**326,204**	$	**57.63**
05.000 EXTERIOR SKIN		$	**389,546**	$	**68.82**
06.000 ROOFING		$	**222,402**	$	**39.29**
07.000 INTERIOR CONSTRUCTION		$	**527,494**	$	**93.20**
08.000 EQUIPMENT		$	**10,700**	$	**1.89**
10.000 FIRE PROTECTION		$	**45,280**	$	**8.00**
11.000 PLUMBING		$	**121,301**	$	**21.43**
12.000 HVAC		$	**272,147**	$	**48.08**
13.000 ELECTRICAL		$	**352,790**	$	**62.33**
14.000 JOBSITE MANAGEMENT		$	**423,000**	$	**74.73**
15.000 SITE REQUIREMENTS		$	**135,000**	$	**23.85**
Subtotal Construction		**$**	**3,607,035**	**$**	**637.29**
Design Contingency	5.00%	$	**180,352**	$	**31.86**
Contractor Contingency	2.00%	$	**75,748**	$	**13.38**
Bond	0.75%	$	**28,974**	$	**5.12**
Corporate Activity Tax	0.40%	$	**15,568**	$	**2.75**
Liability Insurance	1.20%	$	**46,892**	$	**8.28**
Fee	2.50%	$	**98,864**	$	**17.47**
Total Project Cost		**$**	**4,053,433**	**$**	**716.15**
Suggested Escalation to Q1 2027		$	**121,603**	$	**21.48**
Total Budget with Escalation		**$**	**4,175,036**	**$**	**737.64**
Total Value Engineering Opportunities			**($518,913)**		
Total Construction Budget if all VE accepted		**$**	**3,656,123**		
Additional Estimated Development Costs					
Total Estimated Permit Fees		$	**32,000**		
Total Estimated FF&E Budget		$	**261,877**		
Suggested Design/Bid/Build Owner Contingency (10%)		$	**395,000**		
Estimated Total Development Cost		**$**	**4,345,000**		

HACC Admin Office Updates

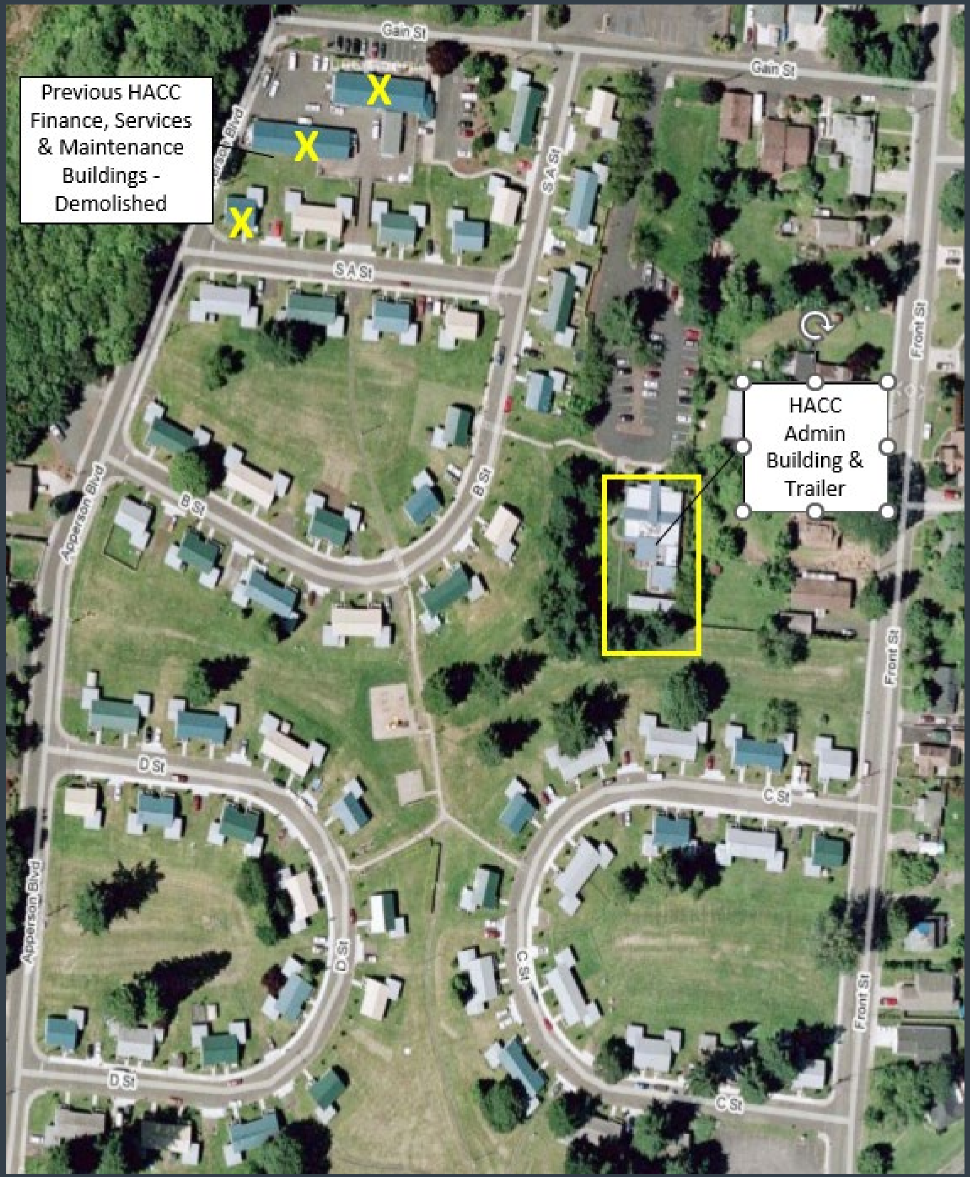
Clackamas County

Housing and Community Development Division

Client Visits to HACC Office

- **Averages more than 375 in-person visits per month**
  - Approximately one third of HACC clients require support from on-site occupancy specialists to complete paperwork, process move requests, submit reasonable accommodation requests, and update changes to household compositions
- **Navigating requests and resolving issues in a timely manner**
  - Reduces Barriers
  - Ensures Housing Stability

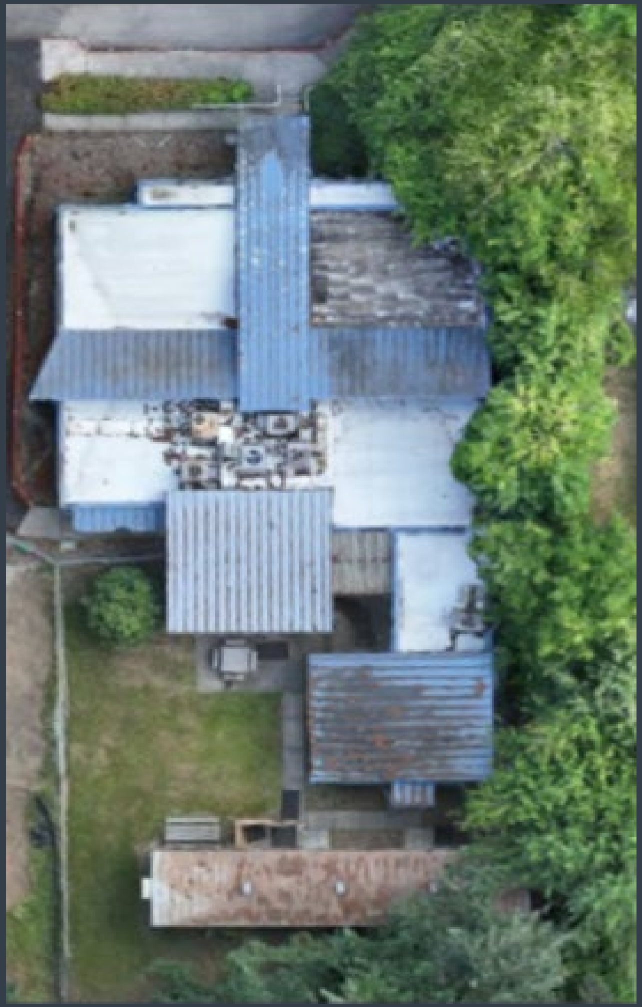
Previous HACC Administrative Buildings



Current HACC Administrative Buildings

Exterior Conditions

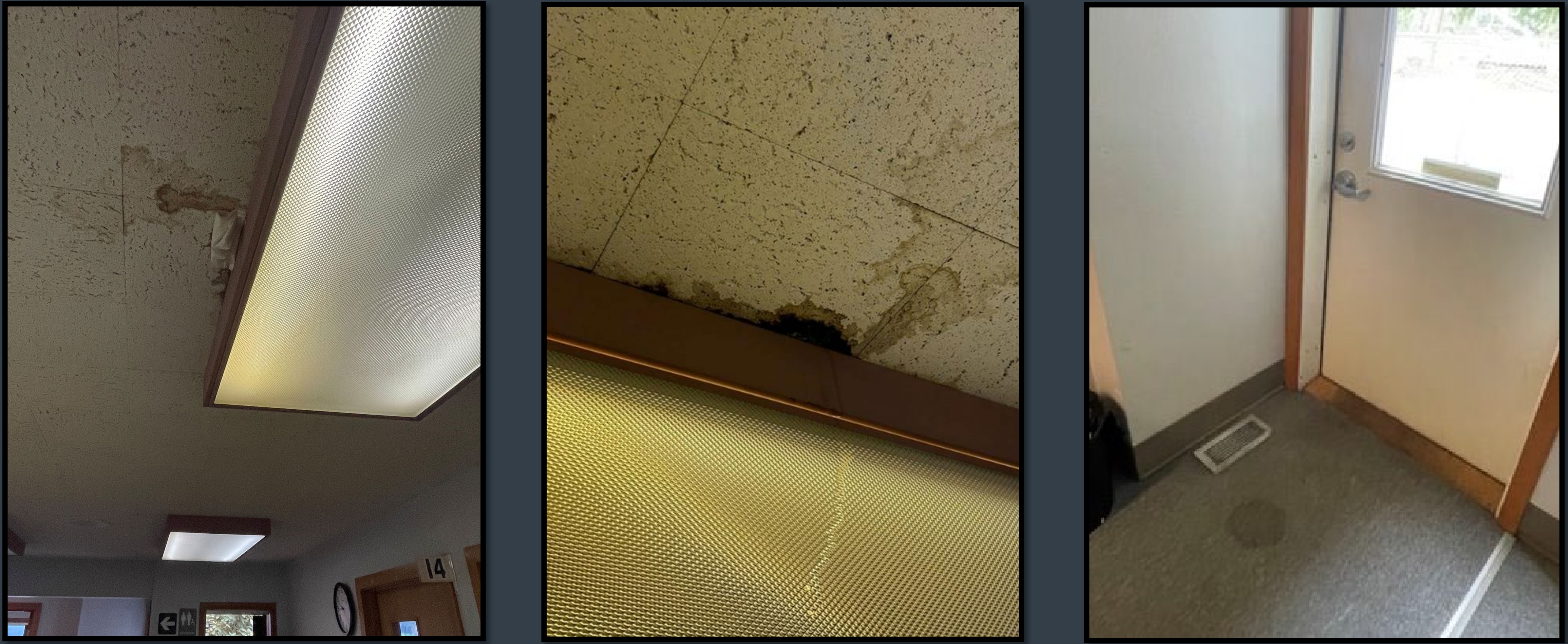
Exterior Conditions



Interior Conditions

Public bathroom and hallways are not ADA accessible

Interior Conditions



Ceiling and Floor Leaks & Mildew

Primary Funding Source

Capital Funds

$3.3 million available in unassigned capital funds through 2027 anticipated

- No Capital Fund grants anticipated once HACC Public Housing is repositioned (2027)
- HACC must obligate these funds to eligible uses or it risks losing them

Other Eligible Gap Funding Sources

Public Housing Transition Funding

Demolition & Disposition Transition Funding (DDTF) & Asset Repositioning Fee (ARF)

- HUD provides funding to support housing authorities to transition out of public housing

Section 18 Disposition Proceeds

HACC expects receiving over $60 million in disposition proceeds from Public Housing sales

- Disposition proceeds are restricted by HUD
- Administrative office renovations approved use
- Expect $18M more in proceeds from 2024 due to leveraged funding for Clackamas Heights

Office Renovation Budget Details

Construction Cost Estimate

		Total			
	GSF:		5,660		SF
Description			**TOTAL COST**		**$/ SF**
00.000 DEMOLITION		$	54,750	$	9.67
01.000 SITEWORK		$	610,639	$	107.89
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Total Budget with Escalation		**$**	**4,175,036**	**$**	**737.64**

Value Engineering Options

Total Construction Cost	$	4,053,433
Suggested Escalation to Q1 2027	$	121,603
Total Construction Cost + escalation	**$**	**4,175,036**
Value Engineering Opportunities		
Reduced Project Management and Site Requirements if paired with CH	$	(78,300)
Duct located on ceilings ILO crawlspace	$	(16,856)
Aluminum storefronts in lieu of Cascadia	$	(34,977)
Remove operable partition. Replace with fiberglass storefront and two single doors	$	(12,800)
Remove cover at raised walkway	$	(22,239)
Exposed plywood in lieu of carr decking at open ceiling areas	$	(39,141)
Reduction to landscape / site amenities	$	(198,807)
Removal of covered porch outdoor space	$	(115,793)
Total Deductive Value Engineering	**$**	**(518,913)**
Total budget if all VE accepted (after escalation)	**$**	**3,656,123**

Additional Development Costs

Total Estimated Permit Fees	$32,000
Total Estimated FF&E budget	$261,877
Suggested Design, Bid, Build Contingency (10%)	$395,000
Estimated Total Development Cost	$4,345,000

Proposed Construction Timeline

- March 2026 – July 2026
  - Initial Research, Concept Planning, Estimating
  - HACC Review and Approval
- August 2026 – Sept. 2026
  - Design (7 wks)
- Sept. 2026 – Nov. 2026
  - Construction Documents (9 wks)
- Nov. 2026 – Feb. 2027
  - Bidding/Permitting (12 wks)
- Jan 2027 HACC Board Contract Approval
- Feb. 2027 – Nov. 2027
  - Construction Administration (9 months)