

MEMORANDUM

DATE: December 2, 2025
TO: Board of County Commissioners
FROM: Mary Rumbaugh, Director of Health, Housing and Human Services (H3S);
Shannon Callahan, H3S Division Director
RE: US Forest Service Zigzag Workforce Housing Lease Offer Response Letter

REQUEST: Board approval of a letter to the US Forest Service exercising the County's right of first refusal to lease a Zigzag Ranger District site proposed to become workforce housing.

BACKGROUND:

The US Forest Service owns an underused administrative site in Zigzag it wishes to develop into 50 workforce housing units to meet a growing local need. The Forest Service has contracted with the local non-profit organization Northwest Community Housing Foundation to conduct a feasibility analysis and initial due diligence activities on the site. The feasibility study and preliminary due diligence indicate the project is viable.

The 2018 Farm Bill directs the Forest Service to consult with government officials of the community in which the site is located and provide public notice of the proposed lease. It also requires the Forest Service to provide the right of first refusal to lease the site to the municipality or county in which the site is located before seeking to lease it to any other person.

In this case, the Forest Service must offer any lease to Clackamas County before any other entity.

If the County elects to lease the land, the County's primary role in the development would be as a conduit lessee/lessor. The County would lease the Zigzag site from the Forest Service for a nominal amount and sublease it to Northwest Community Housing Foundation to oversee the financing, development, management, and operation of the property. Other than the lease fees, no other financial commitment from the County would be anticipated.

If the County elects to decline an offer to lease the administrative site, the Forest Service intends to partner directly with Northwest Community Housing Foundation with a lease agreement. The Forest Service feels confident the project will be successful in either circumstance.

While staff strongly support the project, it may be in the County's best interest to decline the lease offer and allow the Forest Service to partner directly with the non-profit entity. This approach would reduce risk and burden on the County while still moving the project forward.

RECOMMENDATION: Staff recommends the Board approve the letter declining the Forest Service's offer to lease the Zigzag site.

ATTACHMENTS:

#A: Draft Letter

(county letterhead)

December XX, 2025

Gar Abbas
Acting Forest Supervisor
Mt Hood National Forest
U.S. Forest Service
16400 Champion Way
Sandy, OR 97055
james.abbas@usda.gov
gar.abbas@usda.gov

Dear Forest Supervisor:

The Mt. Hood National Forest is pursuing the potential to lease a portion of the Zigzag Ranger District North Work Center as provided for in the Agriculture Improvement Act, P.L. 115-334 of 2018 (2018 Farm Bill). Section 8623 of this legislation provides the Forest Service with the authority to lease qualifying administrative sites for cash or non-cash, in-kind consideration. The MHNH has offered the right of first refusal of the Zigzag Ranger District North Work Center to Clackamas County for lease under this authority.

The proposed lease area is a roughly two to three-acre administrative site located off Lolo Pass Road (see enclosed Property Map).

A recently completed property evaluation and market analysis determined that a reasonably foreseeable future use of the site is as a medium-density single and/or multi-unit residential development. This could be achieved through a lease of the Work Center parcel under Section 8623 of the 2018 Farm Bill.

In accordance with Section 8623 of the 2018 Farm Bill the Forest Service is required to offer right of first refusal for a lease of this site to Clackamas County:

“Right of First Refusal. – Subject to the terms and conditions that the Secretary determines to be necessary, the Secretary shall offer to lease an administrative site to the municipality or county in which the administrative site is located before seeking to lease the administrative site to any other person.” [P.L. 115-334, Sec. 8623(e)(5)]

Clackamas County Commissioners have reviewed this proposal and support the Forest Service efforts to seek partnerships to address a shortage of workforce housing in the area. Regarding the right of first refusal, Clackamas County formally provides its refusal in favor of the alternative proposed by the Forest Service to lease to NW Community Housing Foundation or their assignees.

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2051 Kaen Road, Oregon City, OR 97045 • Phone (503) 650-5697 • Fax (503) 655-8677
www.clackamas.us

Sincerely,

DRAFT

Craig Roberts, Chair
On Behalf of the Clackamas County Board of Commissioners



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