

FINANCIAL IMPACT STATEMENT

For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator John Warner		2. Telephone No. 3-3240	3. Bureau/Office/Dept. PHB 157/11
4a. To be filed (date) December 8, 2010	4b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to FPD Budget Analyst: December 8, 2010

1) Legislation Title:

* Authorize the execution of a Disposition and Development Agreement that will convey Block 49 to REACH Community Development Corporation, Inc. for \$1.00 dollar and provide up to \$23 million dollars in tax increment financing for the development of 209 units of affordable housing in the North Macadam Urban Renewal Area. (Ordinance).

2) Legislation:

Responsibility for the development of the city-owned Block 49 in the South Waterfront was assumed by the Portland Housing Bureau (PHB) under the Intergovernmental Agreement that transferred city housing activities from the Portland Development Commission (PDC) to PHB. Through a competitive solicitation, PHB identified REACH Community Development Corp. Inc. (REACH) as the non-profit organization best suited to develop and operate the project. The project will provide 209 residential units restricted for sixty years to households earning equal to or less than 60% median family income (MFI) including 42 units targeted to households earning equal to or less than 30% MFI, with a priority for veterans. The very low income households will be assisted with Section 8 project based rent subsidy anticipated to be allocated by the Housing Authority of Portland. In addition, the project will have parking and first floor commercial uses. REACH will develop the project by forming a limited partnership to construct and operate the project.

3) Revenue:

Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated please identify the source. The \$800,000 loan to REACH will be an amortized loan at 2% annual interest, repaid on a 30-year amortization schedule with a balloon payment of \$322,520 in year 20. The \$750,000 loan will be a cash flow note at 1% annual interest repaid on a 30- year term with payments up to 50% of commercial net operating income. These loan repayments will be program income to the North Macadam Urban Renewal Area budget.

4) Expense:

What are the costs to the City as a result of this legislation? What is the source of funding for the expense? The \$23 million dollars is included in the City's FY 2010-2011 adopted budget and in NMAC tax increment financing budget forecasts for the City's FY 2011-12 and FY 2012-13 budgets.

Staffing Requirements:

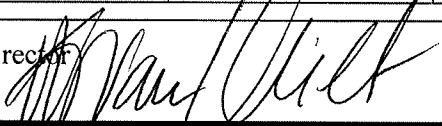
5) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? No

6) Will positions be created or eliminated in *future years* as a result of this legislation? No

Complete the following section only if an amendment to the budget is proposed.

7) Change in Appropriations

Fund	Center Code	Account	Amount	Project Fund	Project No.
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Margaret Van Vliet, Director 

APPROPRIATION UNIT HEAD (Typed name and signature)