

Portland, Oregon

FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT For Council Action Items

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

1. Name of Initiator Siobain Beddow	2. Telephone No. 823-3273	3. Bureau/Office/Dept. Portland Housing Bureau
4a. To be filed date 12/14/2011	4b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>	5. Date Submitted to Commissioner's office and FPD Budget Analyst: 12/2/2011
6a. Financial Impact Section: <input checked="" type="checkbox"/> Financial impact section completed		6b. Public Involvement Section: <input checked="" type="checkbox"/> Public involvement section completed

1) Legislation Title:

*Authorize the conveyance to The Yards Phase C Limited Partnership of a portion of real property known as the Yards at Union Station, a loan of \$565,000 for the purchase price of the real property, a loan of up to \$4.4M in tax increment financing to be used with funding from other sources to develop an affordable housing project, and a limited tax exemption under City Code Section 3.104 for the resulting new multi-unit housing. (Ordinance)

2) Purpose of the Proposed Legislation:

Approve disposition of City-owned real estate, financing and a ten year tax exemption for the construction of a new entirely affordable multifamily project.

3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?

- | | | | |
|--|------------------------------------|------------------------------------|--------------------------------|
| <input type="checkbox"/> City-wide/Regional | <input type="checkbox"/> Northeast | <input type="checkbox"/> Northwest | <input type="checkbox"/> North |
| <input type="checkbox"/> Central Northeast | <input type="checkbox"/> Southeast | <input type="checkbox"/> Southwest | <input type="checkbox"/> East |
| <input checked="" type="checkbox"/> Central City | | | |
| <input type="checkbox"/> Internal City Government Services | | | |

FINANCIAL IMPACT**4) Revenue: Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source.**

This legislation will reduce revenue for the duration of the tax exemption, ten years. The limited property tax exemption, if approved by the City, exempts the value of the Project's residential and parking improvements (only) from taxation for a period of up to ten years. During the abatement period the property owner continues to be liable for property taxes on the value of the land, estimated in the first year to be \$69,010. The estimated ten-year value of exempted tax revenue on the residential and parking improvements is approximately \$574,080 in today's dollars assuming a 6 percent discount rate, a three percent annual assessment increase and \$21.72 per \$1,000 of assessed value. Of that total, 32%, or \$183,705 is attributable to City of Portland

foregone revenue. The project will still pay an estimated \$19,000 per year in taxes on the land, escalating at 3% annually after the first year.

After the exemption period, the property may return to the tax rolls, contributing future revenue in the form of additional property tax estimated at \$92,744 in year 11.

Two promissory notes, in a combined amount of \$4,965,000 will be issued, carrying a 1% interest rate for a 40 year term. Repayment requirements are cash flow dependent, and any repayment is program income to the River District URA.

5) Expense: What are the costs to the City related to this legislation? What is the source of funding for the expense? *(Please include costs in the current fiscal year as well as costs in future years. If the action is related to a grant or contract please include the local contribution or match required. If there is a project estimate, please identify the **level of confidence**.)*

Foregone revenue for the duration of the tax exemption is set forth in #4 above.

For the construction/permanent financing amount of \$4,965,000 (\$565,000 is for acquisition, \$4.4M is for construction/permanent financing), a gross maximum price contract is a condition of closing, which in combination with PHB staff review and prior history with housing development projects, promotes a high level of confidence as the upper limit of funding required.

6) Staffing Requirements:

- **Will any positions be created, eliminated or re-classified in the current year as a result of this legislation?** *(If new positions are created please include whether they will be part-time, full-time, limited term, or permanent positions. If the position is limited term please indicate the end of the term.)*

No.

- **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 *(If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Fund Center column if new center needs to be created. Use additional space if needed.)*

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount

--	--	--	--	--	--	--	--

PUBLIC INVOLVEMENT

8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:

- ☒ **YES:** Please proceed to Question #9.
☐ **NO:** Please, explain why below; and proceed to Question #10.

Yes

9) If "YES," please answer the following questions:

a) What impacts are anticipated in the community from this proposed Council item?

The project will produce 80 new units of housing affordable to households earning 60% of median family income or less and an estimated 214 construction jobs.

b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?

The Yards Phase C is a legacy project that was transferred from the Portland Development Commission to the Portland Housing Bureau on July 1, 2010 at the creation of PHB through the Intergovernmental Agreement between PDC and PHB. Prior to its transfer to PHB, this project was received a reservation of funding from PDC through its traditional project selection process. Prior to and following the reservation of funding, PDC engaged the Old Town Chinatown Neighborhood Association in review of the project specifics and design.

Following the project's transfer to PHB, it was reviewed and approved by the Portland Housing Advisory Commission as part of PHB's FY 2011/2012 budget process. PHAC serves as PHB's public advisory body and all PHAC meetings are open to the public and fully advertised in local media.

This project was also reviewed for approval of a limited tax exemption. That approval process included review by a multi-jurisdictional committee chaired by Commissioner Nick Fish and Multnomah County Chair Jeff Cogen. Included on that committee are staff representatives from PBOT, BPS, and OMF as well as representatives from Portland Public Schools and Multnomah County. Following approval by this multi-jurisdictional committee, the project's application for tax exemption was reviewed and approved at a public hearing of the Portland Planning and Sustainability Commission.

The project completed a Type II land use review procedure which includes notice of project details to effected parties including the Old Town Chinatown Neighborhood Association and adjacent property owners and organizations.

c) How did public involvement shape the outcome of this Council item?

Review and approval of the tax exemption ensured that the project met certain public benefits tests. As a result of the public financing, the housing created will remain affordable for a period of 60 years.

c) Who designed and implemented the public involvement related to this Council item?

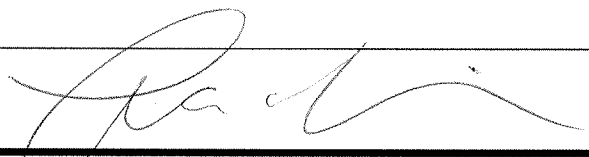
Public involvement was initiated at PDC and was assumed by PHB following the transfer of the project in July 2010.

e) Primary contact for more information on this public involvement process (name, title, phone, email):

David Sheern
Program Coordinator
503-823-4103
David.sheern@portlandoregon.gov

10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.

None is anticipated prior to Council hearing. It is likely that the project will return to seek an extension of the tax exemption at its expiration in 10 years. That process will require further public involvement.



Traci Manning, Bureau Director

Date



CITY OF
PORTLAND, OREGON
PORTLAND HOUSING BUREAU

185074
Commissioner Nick Fish
Margaret Van Vliet, Director
421 SW 6th Avenue, Suite 500
Portland OR 97204
(503) 823-2375
Fax (503) 823-2387
www.portlandonline.com/PHB

**COVER SHEET for
ORDINANCE, RESOLUTION, REPORT TO COUNCIL**

Today's Date: December 2, 2011
Expected Date to Council: December 14, 2011
Title of Ordinance/Report: *Authorize the conveyance to The Yards Phase C Limited Partnership of a portion of real property known as the Yards at Union Station, a loan of \$565,000 for the purchase price of the real property, a loan of up to \$4.4M in tax increment financing to be used with funding from other sources to develop an affordable housing project, and a limited tax exemption under City Code Section 3.104 for the resulting new multi-unit housing. (Ordinance)

Contract Manager's Name & Number: Siobain Beddow, 823-3273

Preparer's Name & Number: Same as above

Manager's Name: Komi Kalevor

Manager Approval: Komi P. Kalevor

If this is an Agreement/ a Contract, has it been "Approved as to Form" by the City Attorney? Yes

Your Manager accepts this and signed here: Komi P. Kalevor

Will this be on Regular or Consent agenda? **Regular**

Budget Impact Statement Attached? Yes

Please complete the following information

- A. Provide information about the item (What is it about? Why is it important? Is there anything controversial? If so, why is it controversial and how is the controversy addressed? Any pertinent background information?)

The Request

The Yards Phase C Limited Partnership is seeking approval of city financing in the form of a loan of \$565,000 for the purchase price of the real property, a loan of up to \$4,400,000 in River District urban renewal funding, and a ten year tax exemption to make financially feasible the construction of a new \$15 million (approximately), 80 unit affordable multifamily project. The City's financing will leverage \$10.2M in private loans and equity.

The project will achieve not only important affordable housing goals, but will attain a better than 20% MW/ESB participation rate as well as providing workforce training for apprentices, an important equity goal for PHB and the City. The project is expected to produce over 200 jobs during its construction, and to achieve LEED Silver certification.

The site is currently owned by the City of Portland, and the disposition and sale of the site is part of the request.

The Project

Yards at Union Station was the original name of a multi-phase residential and retail redevelopment of a former 7-acre brownfield behind Union Station. The first three phases of development have been completed, adding a total of 535 new, mixed-income housing units to the City core. Phase C's new 80 units brings the total residential unit count to 615 for the redevelopment project.

The final phase of developing the Yards under the DDA, known as Phase C, remains to be completed on the undeveloped parcels of the Yards, the real property being authorized for conveyance by this ordinance.

The Project will have 6 studio, 48 one-bedroom and 26 two- bedroom units, with 48 parking spaces. Located conveniently to transportation routes and public transit, amenities will include a community room, lounge and fitness center on the ground floor. Free bike storage will be available in the north garage, and each floor will have storage units available. Laundry facilities are community in nature, located on the 2nd and 3rd floors.

Proposed Unit Mix and Affordability:

Unit type	Count	MFI	Maximum monthly gross rents (including an allowance for utilities)
Studio	6	60%	646
One BR	48	60%	806
Two BR	26	60%	969
Total Units	80		

- B. Provide three points of information that our Commissioner can use to introduce this item.
- Representing the final phase of a multi-phase mixed-use development, which has resulted in the development of 535 mixed-income residential units so far, this final Phase C is comprised entirely of units affordable to households earning 60% or less of median family income..
 - This new construction project will create over 200 construction jobs.
 - The multiphase redevelopment project was honored with the EPA's Region 10 Phoenix award for excellence in brown field redevelopment and will achieve a LEED Silver certification.

- C. Will you, as the preparer of this item, be at Council when this is heard?

Yes

- D. If the item is on the regular agenda, describe who will make the presentation or testimony and how much time will be needed for presentation and for Council discussion and vote.

Item is on the regular agenda, Traci Manning will present. Time needed 20 minutes.

E. Will members of the community be part of the presentation or be invited?

The developer has been invited to be in the audience.