

**MEMORANDUM OF UNDERSTANDING  
EARLY LEARNER EDUCATION CENTER AND INTERGENERATIONAL HOUSING**

**A. Recitals**

WHEREAS, the City of Portland (City), Native American Youth and Family Center (NAYA) and Portland Public Schools (PPS) are mutually committed to serving, enhancing, and improving the communities where they are located and offer services. The City, NAYA and PPS recognize the power and importance of collective community impact, particularly related to education, including early learners. In addition, there is a need to provide intergenerational housing for adoptive families of foster children and housing for seniors in Southeast Portland; and

WHEREAS, the Parties, while recognizing the integrity and policies of each other, agree to work together in a spirit of collaboration and with a mutual commitment towards achieving their visions of service to the children, families, elders, and other individuals in NAYA programs, to the PPS students and families, and to other members of the many communities served by the City, NAYA and PPS, particularly those who self-identify as American Indian and Alaskan Native living within the PPS boundaries; and

WHEREAS, in support of PPS's Birth-to-Five School Readiness Plan, this Memorandum of Understanding (MOU) is an opportunity for PPS to expand partnerships with wrap-around service providers to broaden access to services and programs for students and parents with an aim to expanding the number of low income Pre-K children and families served ensuring children enter first grade "school ready"; and

WHEREAS, the Parties recognize that lack of access to Head Start, pre-K, and other early childhood education options is the earliest root of the achievement gap, showing that Native American children are already disadvantaged by age four. The goal of the collaborative work between NAYA and PPS will be to reverse the devastating trends of the last decade and set Native children on a path to educational attainment.

**B. Introduction**

The following sections describe the general goals, principles, process and role of each of the Parties which are hereby confirmed by the execution of this non-binding MOU through the respective approvals of each governing body. Binding agreements, in the form of intergovernmental agreements or other documents, will be negotiated and executed during the project's predevelopment phase.

**C. Site Description**

The Foster Elementary School site (Foster Site), located at 5205 SE 86<sup>th</sup> Ave, and is 3.5 acres. The school building is 11,000 square feet and includes 8 classrooms. It currently does not have food preparation facilities. Zoning for the site is R2a. The school is permitted under a non-conforming use. As currently zoned, the full site allows a maximum of 77 units of housing, or 22 units per acre, and requires a minimum density of approximately 66 units. A conditional use permit and Type III land use review will likely be required.

#### **D. Goals and Principles**

The goal of this MOU is to create a process and funding approach for the development of an InterGenerational Housing Community supporting permanent families for foster children and an Early Learner Education Center. The objectives of this effort include but are not limited to:

1. Development of an Early Learner Education Center (EC);
2. Creation of "community-collaborative" Head Start, Early Head Start, and Pre-K classrooms;
3. Access to PPS early childhood expertise as formal and informal consultants; and
4. Provision of culturally specific Intergenerational housing for adoptive or guardianship families of foster children and housing for seniors in Southeast Portland.

#### **E. Summary of Understanding**

The parties agree the following summarizes their understandings:

1. The Foster Site could be repurposed into an effective Early Learner Education Center (EC) and a portion of this property could be utilized as socially purposed housing development in the form of an InterGenerational Community (IGC) that is compatible with the EC.
2. There is consensus of the merits and positive outcomes of an EC and a NAYA-developed IGC on the Foster Site. An EC is a "one stop" center for Pre-K parents which is consistent with the Governor's new education plan. It may include case managers, family support services and health department representatives or daycare/relief nursery.
3. The funds generated from PPS by monetizing a lease of the real property to the City for use by NAYA can be used to help address current budget issues.
4. PPS will require a lease instead of fee title disposition for the development. Length of any lease will need to be a minimum of 65 years due to policy restrictions associated with anticipated housing funds used in development of the property.
5. "Monetizing the lease" means making a one-time, capitalized, "up-front" payment in return for a lease of the agreed length with no further periodic payments required.
6. PPS Board of Education policy is to insure that any real estate transaction be based upon a third-party valuation of fair market value. Any valuation beyond the funds provided by the City to the transaction will be considered a non-cash contribution by PPS to the redevelopment of the site and rehabilitation of the School.
7. Operation of an EC requires yearly funding and budget for operations which has not yet been identified. Funds for this programming may be available from the State of Oregon reimbursed on a per child basis.
8. The project would develop with two tracts: a school tract which would include the Foster School for the EC and a housing tract which would include the Intergenerational Housing (Housing Tract). (See Exhibit A). It is anticipated the School Tract would utilize approximately 1/3 of the

- site area, and the Housing Tract would utilize approximately 2/3 of the site area. The lines delineating the two tracts in Exhibit A are preliminary, pending further programming of the site.
9. Determination of the layout and physical programming of the whole site will include PPS input. The overall site development, including both the School and Housing tracts, will be led by a qualified developer under a development contract with NAYA and with input from PPS.
  10. It will be the intent of the design for the site to integrate and synchronize development and operation of the EC and IGC as much as possible, including sharing of common areas and facilities where practical, (for example, the IGC will likely include kitchen facilities, all or part of which may be utilized by PPS to provide the meal program of the EC.) The EC and IGC will be also designed to be functionally independent if necessary.
  11. NAYA and PPS agree to work out an agreement for the operation of the EC on the Foster Site. Issues to be determined include but are not limited to:
    - a. The anticipated enrollment and capacity of the EC HUB and the operating budget including sources of funding.
    - b. The educational programming, staffing, outreach and performance of the EC HUB, and the roles of each party in accomplishing its successful operation.
    - c. The facility requirements and upgrades of the school and surrounding school tract site necessary to support the successful operation of the EC HUB.
  12. In fiscal year 2012-13, the City will provide \$500,000 funding to PPS for which PPS will grant the City a long-term lease of at least 65 years but not to exceed 99 years for 2 acres or greater of the Foster site, which the City intends to enter into a sublease with NAYA in order to facilitate the development of NAYA's IGC.

#### **F. Timing**

The Parties aims to complete negotiations on the operation of the EC HUB (point 11 above) by no later than September 30, 2012. Intergovernmental agreements and other binding documents will be completed within 4 months of the completion of the EC HUB operating agreement.

#### **G. Methodology for Valuation and Transfer of Development Rights**

Assuming the IGA results in funds to PPS from the City which can be used for real estate acquisition, the parties may use the following methodology for equitably valuing and transferring development rights at the Foster Site:

1. The parties will mutually agree on the square footage of land required for the Housing Tract, it is understood that a minimum of 2 acres is needed for the development of the IGC.
2. The parties will mutually agree on the boundaries for the Housing Tract and such tract would be segregated through a minor partition or creation of a legal description to be used for a ground lease, which separates the School Tract from the Housing Tract.
3. PPS will obtain an appraisal of the Foster Site and giving consideration to such appraisal, and the parties will mutually agree upon the land value of the Foster Site on a per square foot basis. The

Real Property Fund will be in the amount of the value of the Housing Tract, as calculated on a per foot basis from the appraised value.

4. The Housing Tract will be leased to the City, and subsequently subleased to NAYA for a term of a minimum of 65 years but the parties acknowledge that a 99 year term is preferable, pursuant to a ground lease with terms that will permit the ground lessee's interest to be mortgaged in order to obtain financing for the construction of housing. The leasing arrangement will be as summarized in E.12 above.
5. Rent for the Housing Tract will be based on the appraisal value of the Housing Tract and "monetized" by discounting the value of such rent to its present value, which would be payable in one installment due on the first day of the term of the lease (the "Housing Tract Prepaid Rent").
6. The Real Property Fund will be applied towards the Housing Tract Prepaid Rent. Any excess of the Real Property Fund over the Housing Tract Prepaid Rent would be considered a non-cash contribution by PPS towards the cost to rehabilitate and improve Foster School and the School Tract for use as an Early Learner Education Center.
7. PPS, in cooperation with NAYA, will determine the reasonable cost to rehabilitate and improve Foster School and the School Tract for use as an Early Learner Education Center and all funds needed to perform such rehabilitation and improvement would be paid by NAYA.
8. The structure for the use of the school as determined by the Operating Agreement will be developed to optimize NAYA's ability to rehabilitate the entire school. The amount paid towards rehabilitation and improvement costs would be applied as a credit against the School Prepaid Rent described in Section 8 below.
9. PPS and NAYA will enter into an agreement for the shared use of the School, which would have a duration equal to the duration of the Housing Tract lease. NAYA will pay rent for use of the school that is calculated assuming that NAYA will use a portion of the School as determined by the Operating Agreement. Rent for the School will be based on the sum of the appraisal value of the School Tract, plus the appraised value of the School building in its pre-rehabilitation condition, and shall be "monetized" by discounting the value of such rent to its present value, which would be payable in one installment (the "School Prepaid Rent").

The parties understand that this Memorandum of Understanding is not binding on the parties but is a statement reflecting how the parties desire to continue discussion, cooperation and partnership regarding this project.

**City of Portland**

\_\_\_\_\_  
By: Dan Saltzman, Commissioner

Date: \_\_\_\_\_

**Native American Youth Family Center**

\_\_\_\_\_  
By: Nicole Maher, Executive Director

Date: \_\_\_\_\_

**Multnomah County School District 1J,  
Operating as Portland Public Schools,**

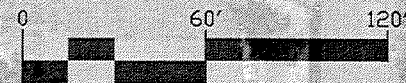
\_\_\_\_\_  
By: Carole Smith, Superintendent

Date: \_\_\_\_\_

SCHOOL PARCEL  
APROX. 1.4 AC.

HOUSING PARCEL  
APROX 2.14 AC.

PPS FOSTER SITE 5205 SE 86TH SAMPLE PROPERTY DIVISION



185367