

## ORDINANCE NO. 184324

\* Authorize a Disposition and Development Agreement to convey Block 49 to REACH Community Development Corporation, Inc. for \$1 and provide up to \$23,000,000 in tax increment financing for development of 209 units of affordable housing in the North Macadam Urban Renewal Area (Ordinance)

The City of Portland ordains:

### SECTION 1. The Council finds that:

1. The South Waterfront Central District Project Development Agreement (Original DA) provides, among other things, for the development of improvements in a certain area within the North Macadam Urban Renewal Area (URA). This agreement was entered into by the Portland Development Commission (PDC) on behalf of the City of Portland, the North Macadam Investors, LLC ("NMI"), Oregon Health & Science University, River Campus Investors, LLC, an Oregon limited liability company, and Block 39, LLC, an Oregon limited liability company (collectively, the "DA Parties") and was accepted by the Portland City Council on August 15, 2003, and signed by the DA Parties on August 22, 2003. The Original DA, as amended by the First through Ninth Amendments, is referred to herein as the "DA".
2. Pursuant to the Eighth Amendment of the DA, PDC and NMI entered into a Purchase and Sale Agreement dated November 9, 2006 whereby PDC acquired the property bounded by SW Moody Ave., SW Lowell St., SW Bond Ave., and SW Bancroft St. (Block 49) from NMI in order to undertake environmental remediation of the property and to facilitate affordable housing development on the property.
3. The Portland Housing Bureau (PHB) assumed responsibility for (i) the development of Block 49, (ii) the implementation of the City's affordable housing goals under Tax Increment Financing (TIF) set-aside policy, and (iii) the implementation of the DA from PDC under an Intergovernmental Agreement dated July 1, 2010.
4. Through a competitive solicitation, the City selected REACH Community Development Corporation, Inc. (REACH) to develop 209 units of affordable housing on Block 49 (the "Project") using a REACH-sponsored limited partnership as the owner.
5. REACH's development of Block 49, pursuant to the Disposition and Development Agreement (DDA), will help achieve local and regional growth management goals, provide immediate construction jobs to an economically impacted job sector, and meet affordable housing development goals of the City and the URA.
6. The transfer of Block 49 to REACH for \$1.00 dollar and the provision of up to \$23 million dollars is necessary to develop the Project in accordance with the DDA.

7. The necessary funding to meet the City's obligation under the DDA is included in the City's FY 2010-11 approved budget, and in the FY 2011-12 and FY 2012-13 budget forecasts for TIF expenditures in the North Macadam URA.


NOW THEREFORE, the Council directs that:

- a. The Director of PHB is authorized to execute a DDA with REACH in substantial accordance with Exhibit B attached hereto with such revisions as are deemed necessary by the PHB Director and the City Attorney, after an amendment to the DA, or other form of agreement, is executed between the DA Partners providing for the development of Block 49 by REACH.
- b. The Director of PHB is authorized to execute the documents required to convey the property to REACH for \$1.00 dollar, and to provide funding to REACH in an amount not to exceed \$23 million dollars in accordance with the DDA. The funding will include: (i) up to \$800,000 as a loan with a 2% interest rate, a 30-year amortization, and a 20-year term, with the balance due at maturity, (ii) up to \$750,000 as a cash flow note at 1% interest rate, a 30-year term and a payment schedule of 50% of commercial net operating income, and (iii) the balance of the funding provided as an Equity Gap Contribution that will not be repaid as long as the property is developed and operated in accordance with the DDA, including a 60-year use restriction as affordable housing. In addition, REACH will assume the predevelopment loan agreement provided to Williams and Dame Development for predevelopment work on Block 49 in the amount of \$1,959,928.00.
- c. The Mayor and Auditor are hereby authorized to draw and deliver warrants chargeable to the PHB budget when demand is presented and approved by the proper authority.

SECTION 2. The Council declares that an emergency exists because delay in funding would interrupt the project's ability to move forward on a timeline required by other financing sources and permitting deadlines, and would delay the provision of affordable housing and the availability of construction jobs; therefore, this ordinance shall be in full force and effective from and after its passage.

Passed by the Council: **DEC 15 2010**

Commissioner: Nick Fish  
Prepared by: John Warner  
Date Prepared: December 8, 2010

**LaVonne Griffin-Valade**  
Auditor of the City of Portland  
By  Deputy

1640

Agenda No. **184324**  
**ORDINANCE NO.**  
 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).

<p><b>INTRODUCED BY</b>          Commissioner/Auditor:  <b>Nick Fish</b></p>	<p>CLERK USE: DATE FILED <b>DEC 10 2010</b></p>
<p><b>COMMISSIONER APPROVAL</b></p> <p>Mayor—Finance and Administration - Adams</p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish <i>Nick Fish</i></p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Leonard</p>	<p>LaVonne Griffin-Valade          Auditor of the City of Portland</p> <p>By: <i>[Signature]</i>          Deputy</p>
<p><b>BUREAU APPROVAL</b></p> <p>Bureau: Portland Housing Bureau          Bureau Head: Margaret Van Vliet <i>[Signature]</i></p> <p>Prepared by: John Warner          Date Prepared: December 8, 2010</p> <p>Financial Impact Statement          Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>          Not Required <input type="checkbox"/></p> <p>Portland Policy Document          If "Yes" requires City Policy paragraph stated in document.          Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>Council Meeting Date  <b>December 15, 2010</b></p>	<p><b>ACTION TAKEN:</b></p>
<p><b>City Attorney Approval</b> <i>KAM</i></p>	

<b>AGENDA</b>
<p><b>TIME CERTAIN</b> <input type="checkbox"/></p> <p>Start time: _____</p> <p>Total amount of time needed: _____          (for presentation, testimony and discussion)</p>
<p><b>CONSENT</b> <input type="checkbox"/></p>
<p><b>REGULAR</b> <input checked="" type="checkbox"/></p> <p>Total amount of time needed: <b>30 minutes</b>          (for presentation, testimony and discussion)</p>

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	✓	
2. Fish	✓	
3. Saltzman	✓	
4. Leonard	✓	
Adams	✓	