

## ORDINANCE NO. 184715

\* Authorize a \$4 million grant and the transfer of title in real property located at 316 NW Glisan St to the Blanchet House of Hospitality for the development of a facility to house individuals at risk of homelessness and to operate a charitable feeding program (Ordinance)

The City of Portland ordains:

### SECTION 1. The Council finds that:

1. The Blanchet House of Hospitality (BHH) is a non-profit corporation that, since 1952, has provided transitional housing with supportive services for individuals at risk of homelessness and served 250,000 free meals annually to needy men and women at 320 NW Glisan Street (the "Blanchet House").
2. On February 27, 2008, in PDC Resolution No 6563, the Portland Development Commission (PDC) authorized a Disposition and Development Agreement (DDA) between BHH and PDC providing for the conveyance of PDC-owned property located at 314-316 NW Glisan Street and 421, 429, 439 NW 3<sup>rd</sup> Avenue (collectively "316 NW Glisan" or the "Property") and a grant of \$2 million for the purpose of building a facility to replace the existing Blanchet House, subject to terms and conditions to be set forth in a Disposition and Development Agreement (DDA) between BHH and PDC (the "Project").
3. In December 2008, PDC and BHH entered into a DDA for the development of the Project.
4. Portland City Council Ordinance No. 183903, passed on June 16, 2010, authorized four intergovernmental agreements (IGA) between the City and PDC in support of the transition of housing functions to the Portland Housing Bureau (PHB) including the Assignment and Assumption Agreement (IGA # 30001468 executed on or about July 1, 2010, and as amended), that proposed to convey the Property to PHB and to assign responsibility for the DDA to PHB.
5. On October 13, 2010, PDC conveyed the Property to the City of Portland, acting by and through the PHB for the purpose of the Project identified in the DDA.
6. After executing the DDA in 2008, BHH caused the design and permitting of a new 38,000 square foot, 4-story building that will provide seventy-two (72) beds set aside for individuals at thirty percent (30%) or less of area median income, up to 3 beds for staff, and first floor space for the operation of the charitable feeding program (the "New Riley House").
7. The New Riley House and will be owned by a BHH-affiliated non-profit corporation and developed at an approximate cost of \$13.5 million, exclusive of land value.

8. BHH has raised approximately \$3 million in charitable contributions from individual donors and foundations, and secured a bridge loan commitment from US Bank NA of approximately \$3.67 million to finance the development of the New Riley House that will be repaid by on-going fundraising efforts of BHH.
9. To obtain additional private investment capital, BHH engaged Novogradac and Company and United Fund Advisors, an affiliate of the Portland Family of Funds, to structure the project in a manner that allows an equity investment made by US Bank Community Development Corporation pursuant to the New Market Tax Credit (NMTC) program to benefit the development of the New Riley House in the approximate amount of \$2.88 million.
10. In addition to the conveyance of 316 NW Glisan Street and the \$2 million dollar grant committed under the DDA, an additional \$2 million is needed from the City to finance the Project and allow construction to start in July 2011 as required under the proposed NMTC financing structure.
11. The approval of the DDA by PDC in 2008 contemplated a "swap" of real property between PDC and BHH, and the DDA requires that an agreement satisfactory to both PHB and BHH be reached regarding PHB's acquisition of real property at 316 NW Glisan, the site of the existing Blanchet House, prior to providing the Project financing.
12. To satisfy this condition, PHB and BHH will enter into an Option Agreement ("Option") that allows PHB to acquire the existing Blanchet House site for one dollar (\$1.00) on or before December 31, 2013, at the sole discretion of the City and subject to approval by City Council before the Option can be exercised allowing the City time to consider the public benefits of an acquisition versus the costs. If not exercised, the Option will expire without obligation to the City or BHH.
13. In order to assure the development of the Project as proposed, the City will have a right of re-vesting in title to the Property during the construction period as a default remedy if construction does not proceed as planned.
14. The funding necessary to meet the City's obligation under the DDA and to provide an additional \$2 million dollar grant is included in the City's FY 2011-12 approved budget for the River District Urban Renewal Area.

NOW THEREFORE, the Council directs that:

- a. The Director of PHB is authorized to execute a quit claim deed, amendment to the DDA, grant agreement, Option, regulatory agreement, and other documents as required to convey title and provide grant funds to the Blanchet House of Hospitality in an amount not to exceed \$4 million for the development of the New Riley House in accordance with


the findings set forth above and upon approval as to form of the Project's documents by the City Attorney's Office,

- b. The Director of PHB is authorized to accept a quit claim deed to revest the Property in the City under appropriate escrow terms during the development of the New Riley House, and
- 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 up to the amount of \$4 million.

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 would delay the development of this community facility 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: JUN 29 2011

Commissioner: Nick Fish  
Prepared by: John Warner  
Date Prepared: June 22, 2011

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

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<p style="text-align: center;"><b>INTRODUCED BY</b> Commissioner/Auditor: <b>Nick Fish</b></p>	<p>CLERK USE: DATE FILED <u>JUN 24 2011</u></p>
<p style="text-align: center;"><b>COMMISSIONER APPROVAL</b></p> <p>Mayor /Finance and Administration - Adams</p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish <i>Nia R</i></p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Leonard</p>	<p style="text-align: center;">LaVonne Griffin-Valade Auditor of the City of Portland</p> <p>By: <i>[Signature]</i> Deputy</p>
<p style="text-align: center;"><b>BUREAU APPROVAL</b></p> <p>Bureau: Portland Housing Bureau Bureau Head: Margaret Van Vliet <i>[Signature] for MSV</i></p> <p>Prepared by: Barbara Shaw Date Prepared: June 23, 2011</p> <p>Financial Impact Completed <input checked="" type="checkbox"/> Amends Budget <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 June 29, 2011</p> <p>City Attorney Approval <i>[Signature]</i> <b>CITY ATTORNEY</b></p>	<p><b>ACTION TAKEN:</b></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: _____ (for presentation, testimony and discussion)</p>

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	<input checked="" type="checkbox"/>	
2. Fish	<input checked="" type="checkbox"/>	
3. Saltzman	<input type="checkbox"/>	
4. Leonard	<input checked="" type="checkbox"/>	
Adams	<input checked="" type="checkbox"/>	