

**IMPACT STATEMENT**

**Legislation title:** \* Authorize the appropriation of \$51,000,000 for a Housing Property Fund (Ordinance; add Code Section 5.04.540)

**Contact name:** Mike Johnson

**Contact phone:** 503-823-4176

**Purpose of proposed legislation and background information:**

This legislation authorizes the establishment of the Housing Property Fund in order to record the transactions of resources and requirements resulting from the acquisition, development, and operation of property by the Portland Housing Bureau.

On November 8, 2016 Portland voters passed measure 26-179 (the "Housing Bond") which authorized the city to issue up to \$258,400,000 to acquire, rehabilitate and develop affordable housing. Due to timing concerns on the purchase of the Ellington Apartments, located at 1610 NE 66<sup>th</sup> Avenue (the "property"), management of the Office of Management and Finance ("OMF") as well as the city's Debt Manager have agreed to supply a \$51 million line of credit with the understanding that proceeds from the initial sale of Housing Bonds will be used to replace this facility. PHB is also exploring the use of conventional financing to replace a portion of the facility.

By separate ordinance heard in the December 7, 2016 Council session, the Office of Management and Finance is requesting authorization to finance all or any portion of the capital costs of purchasing the Property with short, intermediate or long term general obligation bonds or with interim financing secured by the City's full faith and credit pursuant. The authorization will be for an amount not to exceed \$51 million.

By separate ordinance heard in the December 7, 2016 Council session, Council heard PHB's purchase of the Ellington Apartments, for up to \$47,000,000 for which closing is expected in February, 2017. The difference between the \$51 million interim financing and the purchase price covers closing costs and necessary immediate repairs to the Property.

**Financial and budgetary impacts:**

The Housing Property Fund will be used to assist by PHB in acquiring the property and is required purely to accommodate the timing for the property Purchase and Sale Agreement. As of the date of this Ordinance, PHB has had initial conversations with underwriters familiar with federally guaranteed mortgages who have indicated that the property with its proposed unit mix could support a loan of about \$20 million, of which \$10 million would be used for rehab, thereby reducing the total amount of Housing Bond required for acquisition to \$37 million. PHB intends to pursue this or similar products to pay off a portion of the Housing Property Fund. If, for whatever reason, this is unsuccessful, PHB will repay the Housing Property Fund completely from proceeds from sale of the Housing Bond.

**Community impacts and community involvement:**

Community Involvement: Due to the highly sensitive nature of negotiations, PHB hasn't involved the community in the purchase. Notice of PHB's interest in acquiring the property was provided to current tenants on Dec 2, 2016.

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Community Impacts: PHB will work with current residents and the community on a plan to bring units to the desired affordability requirements, prioritizing access to 0-30% units. Current tenants in good standing will be offered lease renewal terms of up to one (1) year from the date of purchase of the property. Upon lease renewal and income recertification, tenants will be notified in advance that their unit may be rehabilitated, necessitating decommissioning of their dwelling unit and/or in situ relocation. If resident incomes exceed 60% of Area Median Income upon their lease renewal anniversary, the tenant may not be provided a further lease extension. In such instances, all residents will be afforded at least one (1) year notification to vacate the premises.

A qualified property management vendor will be retained by the City of Portland in a competitive process to respond to resident questions, manage the property day to day including processing of repair and maintenance requests and to process rent payments on behalf of the City of Portland.

**Budgetary Impact Worksheet**

**Does this action change appropriations?**

- YES:** Please complete the information below.
- NO:** Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount
226001	HCMG000002	489030	CDASBS00000000GC	Non-Program	Not Relevant	Non-Program	51,000,000
226001	HCPG000004	511100	CDHCNH00000000GC	H30319	Not Relevant	Non-Program	10,000
226001	HCPG000004	529000	CDHCNH00000000GC	H30319	Not Relevant	Non-Program	3,990,000
226001	HCPG000004	563300	CDHCNH00000000GC	H30319	Not Relevant	Non-Program	47,000,000

**FOUR-FIFTHS AGENDA**

**COMMISSIONER SALTZMAN**

<b><u>Agenda No.</u></b>	<b><u>Title</u></b>
<b>*1452</b>	<b>Authorize the appropriation of \$51,000,000 for a Housing Property Fund (Ordinance; add Code Section 5.04.540) 20 minutes requested for items 1452 and 1453</b>
<b>1453</b>	<b>Authorize a temporary operating loan of \$51,000,000 between the Development Services Fund and the Housing Property Fund (Resolution)</b>