

ORDINANCE No. 188541

*Approve new construction financing in a total amount of \$1,377,173 for New Meadows from the Interstate Corridor URA (Ordinance)

The City of Portland ordains:

Section 1. The Council finds that:

1. On behalf of the City of Portland, the Portland Housing Bureau (“PHB”) administers affordable housing programs using resources, including tax increment financing (“TIF”) from urban renewal areas (“URAs”), to support the development of affordable housing.
2. Because of the public solicitation “Notice of Funding Availability May 1, 2014”, PHB awarded resources in an amount not to exceed \$800,000 (the “City Funding”) for site acquisition and new construction of a multifamily rental development at 8710 N Dana Avenue known as “New Meadows” (the “Project”) to New Meadows Property LLC (“NM”), an affiliate of the local non-profit affordable housing developer Bridge Meadows (“Bridge”).
3. Subsequently, and in part due to additional work required for an appeal of a zoning variance, an increase in construction costs across the region, time delays and a change in the general contractor, Bridge made a request for an additional \$577,173 in TIF from the Interstate Corridor URA (the “Additional Funding”) in the public solicitation “Notice of Funding Availability January 23, 2017.” The City Funding, together with the Additional Funding brings the total of City funding to \$1,377,173 (the “Total City Funding”).
4. New Meadows is a new construction 15-unit multifamily rental project serving foster youth who have aged out of the foster care system and may be homeless, or facing homelessness, possibly with a dependent. It is a supervised independent living environment. The Project is comprised of ten studios with kitchenettes and five one-bedroom units. One (1) of the one-bedroom units will be a non-restricted unit for a master level counsellor provided by New Avenues For Youth (NAFY).
5. New Meadows will be managed in partnership: as to the Project by Bridge, and as to programming by NAFY. This arrangement is covered by an operating agreement between the two non-profits. NAFY will provide skill-building training and educational resources to the youth. Youth will be able to work on their education and obtain a high school diploma or GED. An onsite counsellor will assist youth with their emotional well-being and provide case management and planning for short- and long-term goal achievement. Additionally, tenants will receive mentorship support from the intergenerational housing model maintained at nearby Bridge Meadows.
6. Rents will be regulated at or below 30% of median family income (“MFI”). However, tenants will only pay 30% of their income, up to 30% MFI rent, which is expected to be significantly less than 30% rent. In many cases this may be zero. Maximum allowable rent currently (including utilities), for someone who can pay is and qualified under an income restriction of \$15,690, would be \$392. For a one-bedroom unit the maximum

rent would be \$420. For two person households, the income restriction would be \$17,930. There are no public rent subsidies in the Project.

7. A private donor has agreed to contribute \$1,500,000 towards the cost of constructing the Project, and \$1,000,000 in \$200,000 annual increments to subsidize the cost of operations. Future funding is expected to be a combination of funding associated to the tenants of the project, such as: Chafee Foster Care Independence Program, Education and Training Voucher Program, Title IV-E, and Family Unification Program vouchers. The private donor support provides a five-year ramping up process to connect the various incoming tenant subsidies to cover the cost of operations. Any shortfalls will be covered by fundraising.
8. Employing an Equity Gap Contribution (“EGC”) requires that a project “exceptionally further the goals and objectives in Portland’s Comprehensive Housing Plan...” The following supports utilizing an EGC for New Meadows.
 - a. There is very little certainty in terms of the ability of the Project to pay for operations long-term due to the unknown and variable nature of subsidies associated with incoming tenants. The Project looks more like a shelter or facility than a true multifamily rental project. Accordingly, it cannot support any amortizing debt.
 - b. There are no public operating or voucher subsidies in the project.
 - c. Of the nearly 1,000 youth NAFY served in FY 2014, 44 per cent identified as being from communities of color. Once youth leave foster care they have difficulty finding living wage employment.
 - d. Rents are restricted to 30% of income, for those households who have an income.
 - e. The development team raised over \$2,000,000 (53% of total development costs) in private contributions in support of the project
9. This is a \$3,850,183 Project that was originally chosen by HomeAid, a national non-profit provider of housing for the homeless. The original contractor, Renaissance Homes, has continued to provide materials and labor support of approximately \$73,000 to the Project, which will be reflected in the gross maximum price contract.
10. New Meadows will enter into a 60-year regulatory agreement with PHB. Due to significant complexities around implementation, and a narrow target market, this Project is not subject to the Preference Policy.
11. The Total City Funding is necessary to leverage more than \$2,100,000 of other private equity needed to construct the Project.
12. On July 13, the PHB Housing Investment Committee recommended approval of the Total City Funding for New Meadows.

NOW, THEREFORE, the Council directs:

- a. The Total City Funding to implement the Project is an amount not to exceed \$1,377,173.
- b. The Director of PHB is authorized to approve amendments or modifications to the financing documents and to execute regulatory agreements, loan documents, trust deeds, and such other documents in form and substance as required to complete the financing authorized by this Ordinance, within the maximum amounts approved under this Ordinance, and subject to the approval as to form of such documents by the City Attorney's Office.

SECTION 2. The Council declares that an emergency exists because a delay in the City's approval would impair the ability of the Project to meet the timeline required by other financing sources, and would delay the Project and could affect the budget: therefore, this Ordinance shall be in full force and effective from and after its passage.

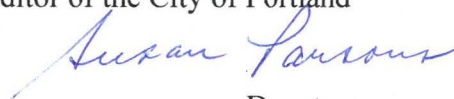
Passed by the Council:

AUG 09 2017

Mayor Ted Wheeler
Prepared by: Siobain Beddow
Date Prepared: July 17, 2017

Mary Hull Caballero
Auditor of the City of Portland

By



Deputy

Agenda No. **188541**
ORDINANCE NO.
 Title

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Urban Renewal Area

<p>INTRODUCED BY Commissioner/Auditor: Mayor Ted Wheeler</p>	<p>CLERK USE: DATE FILED <u>AUG 01 2017</u></p>
<p>COMMISSIONER APPROVAL</p> <p>Mayor—Finance and Administration - Wheeler <i>KC</i></p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Eudaly</p>	<p style="text-align: center;">Mary Hull Caballero Auditor of the City of Portland</p> <p>By: <u><i>[Signature]</i></u> Deputy</p>
<p>BUREAU APPROVAL</p> <p>Bureau: Portland Housing Bureau Bureau Head: Kurt Greager <i>[Signature] for K. Greager</i></p> <p>Prepared by: Siobain Beddow Date Prepared: July 17, 2017</p> <p>Financial Impact & Public Involvement Statement Completed <input checked="" type="checkbox"/> Amends Budget</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>City Auditor Office Approval: required for Code Ordinances</p> <p>City Attorney Approval: <i>[Signature]</i></p> <p>Council Meeting Date August 9, 2017</p>	
<p>ACTION TAKEN:</p>	

AGENDA
<p><input checked="" type="checkbox"/> TIME CERTAIN Start time: <u>10:05</u></p> <p>Total amount of time needed: 20 minutes (for presentation, testimony and discussion)</p>
<p><input type="checkbox"/> CONSENT</p>
<p><input type="checkbox"/> REGULAR Total amount of time needed: _____ (for presentation, testimony and discussion)</p>

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