

IMPACT STATEMENT

Legislation title: Adopt the Pathway 1000 Implementation Plan (Resolution)

Contact name: Nan Stark, NE District liaison, BPS

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Presenter name: Nan Stark

Purpose of proposed legislation and background information:

The purpose of the resolution is to support the Pathway 1000 Implementation Plan, to be carried out by Portland Community Reinvestment Initiatives Inc (PCRI). PCRI created the Pathway 1000 project to address the displacement of 10,000 residents of North and Northeast Portland since 2000, with the goal of developing 1,000 new housing units over the next ten years.

In March 2016, the City of Portland signed an Intergovernmental Agreement with Metro, accepting funds as part of the Construction Excise Tax (CET) Community Planning and Development grant program, for PCRI to create an Implementation Plan to carry out this goal, with the support of the Bureau of Planning and Sustainability. The Implementation Plan can serve as a replicable model for future projects in Portland and other places, with a focus on wealth building and wealth creation for communities of color that have historically lived in, and been displaced from close-in areas in Portland and across the country, as these areas have becoming increasingly in demand. The Pathway 1000's holistic approach to individual and community wealth building includes the development of affordable housing for home ownership, as well as community benefits through creation of long-term jobs, affordable commercial spaces, and related positive economic impacts.

The resolution recognizes the work of PCRI and the Pathway 1000 project in addressing the housing affordability crisis in Portland, specifically as it affects communities of color. The project supports many of the Goals and Policies of the newly adopted 2035 Comprehensive Plan, including Goals 5 B, Equitable access to housing, and D, Affordable housing, related housing policies, and Goal 6, Economic Development, and related policies.

Financial and budgetary impacts:

This resolution does not result in a financial commitment by the City.

Community impacts and community involvement:

There are multiple long-term benefits of the Pathway 1000 project, including long-term housing stability for residents of the future developments, including home ownership for 80 percent of the units; long-term job training and career development opportunities; affordable commercial space for new and displaced business owners; and related economic benefits that result from a focused effort to generate wealth. PCRI specifically

supports communities of color that experience barriers to home ownership and affordable housing options. Their portfolio of properties is in inner North and Northeast Portland.

Through the implementation of Pathway 1000, PCRI will conduct outreach and community involvement over the course of the project, to reach as many of the historically displaced residents and their family members.

There is no anticipated public testimony for this Council action, but there will be a presentation by Maxine Fitzpatrick, Executive Director of PCRI, and possibly one or two consultants involved with the project.

100% Renewable Goal:

The Pathway 1000 project Implementation Plan does not specifically identify renewable energy goals. The addition of 1,000 housing units within the city will increase the City's total energy use. The Resolution to be adopted by City Council could include encouragement to contribute to the City's renewable energy goal as this project is developed, through the pursuit of grants for installation of solar panels and other ways to work towards advancing and achieving this goal.

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

BPS STAFF
37327



City of Portland

Portland Community Reinvestment Initiatives, Inc.

**Rental and Homeownership Housing Development Cost
Comparison**

November 1, 2017

PW 1000 Homeownership & Rental Development Cost Comparison

As demonstrated in Table 7, the subsidy necessary for homeownership is \$125,713, which is about one fourth of the subsidy of \$482,958 required for an affordable rental unit. The affordable rental subsidy calculation assumes 20-year continuous occupancy of a 2-bedroom rental affordable to a 3-person family at 50 percent median family income and 50 percent cost burden, based on a monthly rent reduction of \$443 from a market rent of \$1,823 per month (5/2016), with a 7.5 percent annual rent increase.

The affordable homeownership subsidy estimate is based on 20-year occupancy with a 10-year partial property tax exemption for a 2-bedroom home with a \$300,000 total value, assuming a property tax exemption on \$200,000 of improvement value and a 3 percent annual increase.

Table 7: Economic Comparison of Subsidized Renting and Homeownership

	AFFORDABLE RENTAL HOUSING	AFFORDABLE HOMEOWNERSHIP
DEVELOPMENT COST	\$337,000 per unit average. -\$84,250 25% debt financing \$252,750 75% PUBLIC SUBSIDY	\$300,000 per home -200,000 owner financing \$100,000 PUBLIC SUBSIDY (development & direct assistance)
20 YEAR AFFORDABILITY SUBSIDY	\$230,208	\$25,713
TOTAL SUBSIDY	\$482,958	\$125,713
		POVERTY REDUCTION CONTINUUM Successful PCRI homebuyer opens a rental unit for the next family to stabilize, save and prepare for homeownership; avoiding high development cost for new rental units

Source: PCRI

Table 7 compares the ongoing subsidy required to develop and house a family in a 2-bedroom rental unit compared to the one-time subsidy required to develop and provide down payment assistance for ownership of a 2-bedroom home. The example demonstrates how this transition will occur over a 20-year period.

Prepared by: Portland Community Reinvestment Initiatives, Inc.

10/31/17