

ORDINANCE No.

*Authorize conveyance of city-owned property located at 1010-1034 NE Grand Ave to Home Forward and funding not to exceed \$5,600,000 to its affiliate, Lloyd Housing Limited Partnership, for the construction of a new mixed-use, affordable housing development located in the Oregon Convention Center Urban Renewal Area (Ordinance)

The City of Portland ordains:

Section 1. The Council finds that:

1. On behalf of the City of Portland, PHB administers affordable housing programs using resources, including tax increment proceeds and city-owned real estate, to support the development of affordable housing.
2. The Portland Development Commission (“PDC”) acquired certain real property in the Oregon Convention Center Urban Renewal Area (“OCCURA”) located at 1010-1034 NE Grand Avenue (the “Property”, also known as “Block 45”) on May 18, 1989 by Ordinance No.161925 and transferred it to the Portland Housing Bureau (“PHB”) in 2010 for affordable housing development.
3. On October 27, 2015, PHB published a Notice of Funding Availability (“NOFA”) which included the development of Block 45 and the availability of \$5,100,000 in OCCURA tax increment financing (“TIF”) resources and \$500,000 in Home for Everyone resources (the “City Funding”) and twenty (20) project-based Section 8 vouchers for the development of this Property.
4. On May 31, 2016, Home Forward (“HF” or the “Developer”) was awarded the development rights to Block 45 to construct a mixed use and mixed income 204-unit residential building with 127 affordable units. Over the course of predevelopment, HF determined that it would increase the number of units and make all residential units affordable to take advantage of increased Low Income Housing Tax Credits (“LIHTCs”) and complete the financing without substantially increasing its resources or City Funding.
5. The Portland Streetcar runs along NE Grand Ave. in front of the building while Tri-Met’s MAX tracks are on the south side (NE Holladay St.). The 12-story Project takes advantage of this location with 240 residential units consisting of studios, one-bedroom and two-bedroom units plus roof-top deck. Forty-three (43) are larger family-sized, two-bedroom units. All rental units will be affordable to households at or below 60% of the area’s median income (AMI), of those 3 studios are at or below 50% AMI and 20 two-bedroom units will be available to those at or below 30% AMI. On the ground floor is retail space fronting NE Grand Ave. totaling about 6,735 square feet, as well as separate residential shared space including a mailroom, community room and small interior garden for the residents who enter from a separate entrance on Holladay Street along the MAX line.
6. PHB and Home Forward intend to enter into a Disposition and Development Agreement, substantially in the form of the attached hereto as Exhibit A (“DDA”) that sets forth the terms and conditions of the Property disposition and Project development.

7. PHB intends to convey the Property to Home Forward for no monetary consideration but in exchange, the Project will be subject to a Regulatory Agreement for the 240 housing units and meet affordability requirements for 99 years. The City also places certain restrictions on sale of the ground floor retail space. For tax credit purposes, Home Forward will lease the Property under a long-term ground lease to its affiliate Lloyd Housing Limited Partnership to develop and construct the Project on the Property.
8. Upon completion of construction, Home Forward will form two, separate legal condominiums (“condos”): one for the entirety of the affordable residential portion of the building and the second for the ground floor commercial and retail space. City Funding will finance only the affordable residential condo not the retail condo.
9. The Project is not subject to Inclusionary Housing requirements because it was vested prior to February 2017.
10. Total Project costs are projected to be about \$73,700,000 of which \$70,840,000 is attributable to the affordable residential condo. City Funding is necessary to leverage more than \$68,000,000 of other public and private financing needed to develop the Project.
11. Home Forward will issue tax exempt bonds and contribute more than \$13,300,000 in cash, subordinate loans and deferred developer fees to complete the Project. Other funders include Bank America Merrill Lynch as the wrap-around financier acting as construction lender, permanent tax-exempt bond investor and tax credit investor for the residential condo.
12. The PHB Housing Investment Committee recommended approval of the Property conveyance and City Funding on October 23, 2017.

NOW, THEREFORE, the Council directs:

- a. The Director of Portland Housing Bureau is hereby authorized to execute the Disposition and Development Agreement, substantially in the form of the attached as Exhibit A and all other documents as may be required to convey the Property to Home Forward or its affiliate, Lloyd Housing Limited Partnership, subject to approval as to form of such documents by the City Attorney’s Office.
- b. The Director of Portland Housing Bureau is hereby authorized to execute all financing documents necessary to provide the City Funding to Lloyd Housing Limited Partnership in an amount not to exceed \$5,100,000 of Oregon Convention Center Urban Renewal Area funds and \$500,000 in Home for Everyone resources for the Project.
- c. The Director of Portland Housing Bureau is authorized to approve amendments or modifications to the Development and Disposition Agreement, regulatory agreements, loan documents, trust deeds, and other documents in form and substance required to complete the conveyance and financing authorized by this Ordinance in an amount not to exceed \$5,600,000 as authorized under this Ordinance and subject to approval as to the form of such documents by the City Attorney’s Office.

- d. Within the next year Portland Housing Bureau and Lloyd Housing Limited Partnership shall review the feasibility of including at least 20 units of permanent supportive housing in the development and shall report back to Council.

SECTION 2. The Council declares that an emergency exists because a delay in the City's approval would cause adverse impacts to public welfare due to increased Project costs resulting from the Project's inability to meet the timeline required by other financing sources, and negative impacts to the construction budget; therefore, this Ordinance shall be in full force and effective from and after its passage.

Passed by the Council: NOV 29 2017

Mayor Ted Wheeler
Prepared by: Jill Chen
Date Prepared: October 26, 2017

Mary Hull Caballero
Auditor of the City of Portland

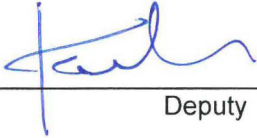
By


Deputy

- 1245 ≡
Agenda No.
ORDINANCE NO.
Title

188688 As Amended

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| INTRODUCED BY Commissioner/Auditor: Mayor Ted Wheeler | CLERK USE: DATE FILED <u>NOV 20 2017</u> |
| COMMISSIONER APPROVAL | Mary Hull Caballero Auditor of the City of Portland By:  Deputy |
| Mayor—Finance & Administration - Wheeler <i>W</i> | |
| Position 1/Utilities - Fritz | |
| Position 2/Works - Fish | |
| Position 3/Affairs - Saltzman | |
| Position 4/Safety - Eudaly | |
| BUREAU APPROVAL | ACTION TAKEN: |
| Bureau: Housing Bureau Head: Kurt Creager <i>Jm for K.C.</i> | |
| Prepared by: Jill Chen Date Prepared: Oct 26, 2017 | |
| Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/> | |
| Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> | |
| City Auditor Office Approval: required for Code Ordinances | |
| <input checked="" type="checkbox"/> City Attorney Approval: required for contract, code, easement, franchise, comp plan, charter <i>W</i> | |
| Council Meeting Date Nov 8 ¹⁵ 2017 ₂₉ 2017 | |

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| AGENDA |
| TIME CERTAIN <input checked="" type="checkbox"/> <u>10:30 AM</u> Start time: 3:00 pm <u>9:45 AM</u> |
| Total amount of time needed: 30 mins (for presentation, testimony and discussion) |
| CONSENT <input type="checkbox"/> |
| REGULAR <input type="checkbox"/> |
| Total amount of time needed: _____ (for presentation, testimony and discussion) |

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