

IMPACT STATEMENT

Legislation title: *Authorize intergovernmental agreement between the City of Portland and Home Forward to provide asset management and development consulting services for PHB-owned properties to satisfy the Housing Bond Production Goal (Ordinance)

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Purpose of proposed legislation and background information:

In November 2016 Portland voters approved Measure 26-179, authorizing the City to issue up to \$258,400,000 in general obligation bonds ("Portland's Housing Bond" or "the Bond") for affordable housing. PHB plans to use Bond proceeds to purchase land to develop new affordable, and to purchase existing occupied rental housing. In April 2017, the Portland Housing Bureau (PHB) convened the Stakeholder Advisory Group (SAG) to create a Framework to guide bond investments and operations. The Portland City Council accepted the Stakeholder Advisory Group Framework ("SAG Framework") in October of 2017.

This legislation authorizes the execution of an intergovernmental agreement (IGA) between the Portland Housing Bureau (PHB) and Home Forward (HF). PHB will engage Home Forward to provide asset management and development consulting services for PHB-owned buildings as well as newly constructed or rehabilitated buildings.

Because bonds are general obligation, their use requires any housing funded to be owned by a municipal corporation. In accordance with state law, construction (new or rehabilitation) will be considered a public improvement project and subject to Oregon Public Contracting Code (ORS 279). In addition, PHB has not traditionally acted as an asset manager of occupied buildings.

Home Forward has deep expertise as an owner, developer and asset manager of affordable housing. Home Forward is uniquely situated as a government entity that is subject to the Oregon Public Contracting Code, which, among other things, will allow Home Forward to issue solicitations on PHB's behalf.

PHB and Home Forward wish to partner to most quickly and efficiently reach the SAG Framework Goals, and to successfully manage housing created under Portland's Housing Bond for its financial health and the benefit of the residents. Leveraging Home Forward's significant development and asset management experience and expertise, will avoid the expense and delay otherwise resulting from PHB building and training additional staff necessary to perform this work.

Financial and budgetary impacts:

In general, the costs associated with activities related to this IGA are eligible administrative expenses under the Bond. Home Forward will bill PHB for expenses for development-related services and asset management differently. The Development Services costs will be factored into the costs of acquiring and developing properties using the Bond funds and potentially other funding sources. Funding exists in the current fiscal year and is included in the FY 2018-19 Request budget. The development services portion of this IGA has a term of six months. During that period, development services are estimated to cost approximately \$75,000 - \$100,000. Subsequent to this IGA, PHB and HF expect to negotiate a further IGA which will cover the full range of development services, including construction services, over a timeframe more closely aligned with the asset management portion of this IGA.

Asset Management services will be factored into building operations costs and are budgeted in the current fiscal year, and the FY 2018-19 Request budget. These fees, covering 445 housing units, are projected to total \$106,800 for the first 12 months of the agreement. In addition, if HF is asked to manage any capital improvement projects as part of their asset management role, project management will be charged at five percent of the total project cost. Resident services contract management will be charged at 10 percent of the total service provider contract value (See Exhibit B and C of the IGA for additional detail).

In addition to the costs outlined above, PHB expects to pay for or reimburse HF for pre-development costs for one or more projects during the course of this IGA. Currently known pre-development work includes design services for the PHB-owned property at 3000 SE Powell Blvd, which are forecast to cost \$50,000 - \$100,000, as well some due diligence activities associated with property acquisitions, such as capital needs assessments (CNAs) and other building construction/operation tests. While the number of these during the development services IGA period is not known, such costs are estimated at \$20,000 - \$50,000/project. PHB expects to directly pay for other due diligence expenses itself such as appraisal services for which it already holds contracts. While these would be bond eligible expenses, they would not be expenses directly attributable to this IGA.

Community impacts and community involvement:

Community Impact: Successful implementation of Portland's Housing Bond will help address severe unmet housing needs among the people of Portland, including some of our most vulnerable neighbors. The Housing Bond includes targets of:

- 1,300 units total. All units for households earning 60% of area median income (AMI) or less;
- 650 family sized (2 bedroom and up) units;
- 600 units for households earning 30% AMI or less.

This agreement will speed up the implementation time for newly acquired and constructed affordable units to become available to the community.

Community Involvement: Soon after passage, Mayor Wheeler directed the organization of a Stakeholder Advisory Group (SAG). The 18-member SAG represented a wide array of interests from community members to affordable housing advocates to owners, developers and financiers of affordable housing projects. The SAG met eight times in open public meetings from April through September 2017 and the process attracted the input of nearly 1,000 community members. The SAG process concluded with the Bond Policy Framework which was accepted by City Council on October 11, 2017. The Framework has been and will continue to be used to guide PHB's investment of bond dollars. Among other things, it directs that PHB purchase buildings in areas where there is currently a high risk of displacement of low income households and purchase land in high opportunity areas. City Council also directed the formation of a Bond Oversight Committee (BOC). Each Council member appointed one member. Current BOC membership is:

- Stephen Green (Chair)
- Susan Emmons
- Jes Larson (Vice-Chair)
- Alan Lazo
- Todd Struble

As of the date of this ordinance the BOC has formally convened for seven meetings. BOC meetings are open to the public.

PHB will also share general progress updates regarding the goals of the Housing Bond with the broader community; conduct targeted marketing activities to reach underrepresented communities as housing opportunities become available; and build, sustain and institutionalize relationships with community members and organizations serving underrepresented communities. Under the intergovernmental agreement, PHB and Home Forward will coordinate community outreach and communication activities with neighbors and residents of planned housing development projects.

100% Renewable Goal:

This action provides for asset management and development consulting services to be received by PHB thus does not fall under the City's goal of meeting 100 percent renewable energy.

Budgetary Impact Worksheet

Does this action change appropriations?

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