

ORDINANCE No. 189019

*Authorize the purchase of certain real property located at 10506 E Burnside St at a price not to exceed \$14,400,000 for affordable housing (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 programs to support the development and preservation of affordable housing.
2. 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. 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.
3. PHB has identified the property that is the subject of this ordinance as meeting the SAG Framework goals for the Bond. This property has been assessed by internal staff at PHB and by the Bond's Property Review committee which includes the leadership team of PHB, two members of the Bond Oversight Committee and a Home Forward representative.
4. The approximately 18,000 square foot property contains a 52-unit apartment building currently under construction. The building is owned by a private entity and will be sold to PHB upon completion of construction. The property is zoned High Density Residential (RH). Construction is scheduled to be completed shortly. The building includes eight studio, 20 one-bedroom, and 24 two-bedroom apartments. After purchase, one studio apartment will be converted to community space for supportive housing services activities and case management.
5. Sixteen project-based Housing Choice Vouchers (Section 8) will be available from Home Forward for households earning 0-30% of area median income (AMI) and nine units will be reserved as supportive housing (SH) for families in keeping with City Council goals specified in Resolution # 37323.
6. Home Forward will provide asset management services for the property under the Intergovernmental Agreement (IGA) approved by Council on February 28, 2018. Asset management services will include contracting a third-party property management firm to coordinate leasing activities, day-to-day operations and maintenance for the building. Home Forward will also assist PHB to identify and contract for onsite resident services in accordance with the IGA.

7. Through the IGA, PHB has been collaborating with Home Forward on a lease up plan. PHB anticipates that upon transfer of the property, income qualified tenants will begin moving in immediately including at least nine households currently experiencing homelessness. PHB's tenaning strategy focuses on utilizing the region's Homeless Family System of Care to provide referrals to these newly created units.
8. PHB has conducted or caused to be conducted a series of due diligence items including an appraisal, title report, surveys, environmental testing and a complete review and assessment of all construction documents (including change orders). From these PHB has determined the risks associated with acquiring the property and deemed them acceptable.
9. PHB and the Seller, 10506 E Burnside LLC, originally agreed to a purchase and sale agreement (the "Agreement") on March 30, 2018. The Agreement is for a purchase price of \$14,300,000 (the "Purchase Price").
10. Under the Agreement, Council's approval of the transaction is a condition precedent to the anticipated closing date of June 20, 2018 (the "Closing").

NOW, THEREFORE, the Council directs:

- a. The PHB Director is hereby authorized to acquire the Property for the Purchase Price and to enter into any and all agreements related to the transaction and to pay, in addition to the Purchase Price, customary costs related to the Closing.
- b. The PHB Director is further authorized to approve amendments or modifications to the Agreement or other related agreements 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 PHB to acquire the Property as contemplated by the Closing; therefore, this Ordinance shall be in full force and effective from and after its passage by the Council.

Passed by the Council, JUN 13 2018

Commissioner Ted Wheeler
Prepared by: Tanya Wolfersperger
Date Prepared: May 14, 2018

MARY HULL CABALLERO
Auditor of the City of Portland

By 

Deputy

Agenda No.
ORDINANCE NO. 189019
 Title

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for affordable housing

INTRODUCED BY Commissioner/Auditor: Mayor Wheeler	CLERK USE: DATE FILED <u>JUN 06 2018</u>
COMMISSIONER APPROVAL Mayor—Finance & Administration - Wheeler <i>W</i>	Mary Hull Caballero Auditor of the City of Portland By: <i>[Signature]</i> Deputy
Position 1/Utilities - Fritz	
Position 2/Works - Fish	
Position 3/Affairs - Saltzman	
Position 4/Safety - Eudaly	
BUREAU APPROVAL Bureau: Housing Bureau Head: Shannon Callahan <i>[Signature]</i>	ACTION TAKEN:
Prepared by: Tanya Wolfersperger Date Prepared: 5/14/18	
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	
City Attorney Approval: required for contract, code, easement, franchise, comp plan, charter <i>[Signature]</i>	
Council Meeting Date June 13, 2018	

AGENDA <i>1cp2</i> TIME CERTAIN <input checked="" type="checkbox"/> Start time: 2:45pm Total amount of time needed: 45 min. (for presentation, testimony and discussion)	FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
CONSENT <input type="checkbox"/> REGULAR <input type="checkbox"/> Total amount of time needed: _____ (for presentation, testimony and discussion)	1. Fritz 2. Fish 3. Saltzman 4. Eudaly Wheeler	1. Fritz 2. Fish 3. Saltzman 4. Eudaly Wheeler	YEAS NAYS
		✓ _____ ✓ ✓ ✓	_____ _____ _____ _____