

## ORDINANCE No. 189209

\*Authorize new construction financing in an amount not to exceed \$4 million for the Magnolia 2 Apartments located at 415 NE Fargo St (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. Under the “Notice of Funding Availability January 23, 2017”, PHB awarded resources in an amount not to exceed \$4,000,000 (the “City Funding”) in Interstate Corridor Urban Renewal Area (“ICURA”) TIF for site acquisition and new construction of a multifamily rental development at 415 NE Fargo St. known as the Magnolia 2 Apartments (the “Project” or “Mag 2”) to Magnolia 2 Limited Partnership, an affiliate of the local non-profit affordable housing developer, Innovative Housing Inc. (“IHI”).
3. Mag 2 will be a new construction, 50-unit multifamily rental project serving individuals and families with incomes at or below 60% of area median income (“AMI”). The Project is comprised of seventeen (17) one-bedroom, twenty-three (23) two-bedroom and ten (10) three-bedroom units. A total of six units will be affordable at 30% AMI, three of which are unsubsidized by vouchers or additional operating support. The composition of the 30% AMI units is: (2) one-bedroom, (2) two-bedroom and (2) three-bedroom.
4. A total of three (3) of the 30% AMI units (one of each unit size) will be reserved for permanent supportive housing (“PSH”). Inclusion of the PSH units at the Project is in alignment with City Council’s Supportive Housing Resolution to increase supportive housing capacity. As indicated in the PHB Winter 2017 NOFA, the Joint Office of Homeless Services (“JOHS”) - an office jointly funded by the City of Portland and Multnomah County, is committed to providing supportive services and assistance in identifying rent subsidy resources as needed to sufficiently assist residents in the Project’s PSH units.
5. Rents will be a mix, but all will be under 60% AMI; with six units at or below 30% AMI, sixteen units at or below 50% AMI and twenty-eight at or below 60% AMI. These equate to households with incomes from \$17,904 to \$50,793 currently. PSH units will receive rent subsidy support and qualifying residents are expected to have little or no income.
6. Mag 2 will enter into regulatory agreements with PHB in accordance with City policies to maintain the affordability of the Project for up to 99 years. The Project is subject to the City’s Preference Policy.

7. The proposed City Funding leverages more than \$12,500,000 of other public and private financing contributed by Umpqua Bank, Raymond James Tax Credit Fund, and Oregon Housing and Community Services.
8. On October 9, 2018, the PHB Housing Investment Committee recommended approval of the City Funding for Mag 2.

NOW, THEREFORE, the Council directs:

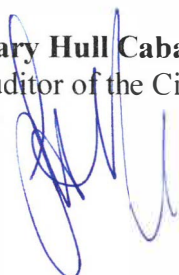
- a. The Director of PHB is hereby authorized to execute any and all financing documents necessary to provide an amount not to exceed \$4,000,000 to IHI or its affiliates.
- b. The Director of PHB is authorized to approve amendments or modifications to any and all financing documents, within the maximum 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:

OCT 17 2018


Mayor Ted Wheeler  
Prepared by: Siobain Beddow  
Date Prepared: 9/13/18

**Mary Hull Caballero**  
Auditor of the City of Portland  
By 

Deputy

Agenda No.  
**ORDINANCE NO. 189209**  
 Title

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<b>INTRODUCED BY</b> Commissioner/Auditor: <b>Mayor Wheeler</b>	CLERK USE: DATE FILED <b>OCT 09 2018</b>
<b>COMMISSIONER APPROVAL</b> Mayor—Finance & Administration – Wheeler <i>MP</i> Position 1/Utilities - Fritz Position 2/Works - Fish Position 3/Affairs - Saltzman Position 4/Safety - Eudaly	Mary Hull Caballero Auditor of the City of Portland By:  Deputy
<b>BUREAU APPROVAL</b> Bureau: Housing Bureau Head: Shannon Callahan <i>Shannon Callahan</i> Prepared by: Siobain Beddow Date Prepared: 9/13/18 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"/> <b>City Auditor Office Approval:</b> required for Code Ordinances <b>City Attorney Approval:</b> required for contract, code, easement, franchise, charter, Comp Plan <i>10/13/18</i> Council Meeting Date <b>10/17/18</b>	<b>ACTION TAKEN:</b>

AGENDA	FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
<b>TIME CERTAIN</b> <input checked="" type="checkbox"/> <b>Start time: 2:00 PM</b> <i>9:45</i> <b>Total amount of time needed: 20 minutes</b> (for presentation, testimony and discussion) <b>CONSENT</b> <input type="checkbox"/> <b>REGULAR</b> <input type="checkbox"/> <b>Total amount of time needed:</b> (for presentation, testimony and discussion)		YEAS	NAYS	
	1. Fritz	1. Fritz	✓	
	2. Fish	2. Fish	✓	
	3. Saltzman	3. Saltzman	✓	
	4. Eudaly	4. Eudaly	✓	
	Wheeler	Wheeler	✓	