

## IMPACT STATEMENT

**Legislation title:** \*Authorize new construction financing in an amount not to exceed \$3,300,000 for the Kilpatrick affordable home ownership project (Ordinance)

**Contact name:** **Jill Chen, Housing Investments and Portfolio Preservation Manager, Portland Housing Bureau (“PHB”)**

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**Presenter name:** **Shannon Callahan, Director, PHB**

### **Purpose of proposed legislation and background information:**

- This Ordinance requests City Council approval of financing in an amount up to \$3,300,000 using Interstate Corridor Urban Renewal Area (“ICURA”) Tax Increment Financing (“TIF”) from fiscal years 2019-2021.
- The purpose of this funding is to allow Habitat for Humanity Portland/Metro East (“Habitat”) to construct the Kilpatrick townhouses, a new 30-unit for-sale, affordable housing project in the Kenton neighborhood (the “Project”) and provide authority for the execution of loan documents by the Director of the Portland Housing Bureau.
- Homebuyers will be identified through the N/NE Preference Policy.
- All 30 townhouses will be permanently affordable. Fifteen (15) are two-bedrooms units covenanted for homebuyers at or below 80% median family income (“MFI”) and fifteen (15) three-bedrooms units at or below 100% MFI.

### **Financial and budgetary impacts:**

- PHB intends to convert the construction loan into permanent affordability subsidies through partial release of its trust deed security at the time of sale to qualified homebuyers.
- Habitat is applying and qualifies for System Development Charge (“SDC”) and Construction Excise Tax (“CET”) exemptions on the Project. If approved, it is expected to represent \$450,000 in foregone City revenue.
- In addition, individual qualified homebuyers may apply for Home Owner Limited Tax Exemptions (“HOLTE”) for a period of 10-years. If approved, it is expected to represent about \$217,200 in foregone City revenue over the 10-year period.

### **Community impacts and community involvement:**

- November 9, 2017, the N/NE Oversight Committee reviewed and agreed to the project and funding sources. Subsequently, the N/NE Oversight Committee in January 2019 accepted and identified this Project as one of the projects for completion by 2022.
- Habitat has also presented to the Kenton Neighborhood Association.
- All buyers of the units in the Project will be identified through the N/NE Preference Policy and Habitat has presented to the Preference Policy.

**Project Overview:**

Total Units: 30

Permanently Affordable: 30

(15 two-bedrooms at 80% MFI and 15 three-bedrooms at 100% MFI)

Bedroom Mix:

Unit Type	Permanent Affordability @ MFI	Initial Set Aside for Preference Buyers @ MFI below	Projected Avg MFI	Initial # of Homes
2BR/1BA	≤80%	35-60%	44%	6
2BR/1BA	≤80%	61-80%	65%	9
3BR/1.5-2BA	≤100%	35-60%	44%	6
3BR/1.5-2BA	≤100%	61-80%	65%	4
3BR/1.5-2BA	≤100%	≤100%	84%	5
			66% Avg	30 Total

**100% Renewable Goal:**

Project is targeting an Earth Advantage GOLD construction standard or higher. This would contribute to the City's goal of meeting 100% of community-wide energy needs with renewable energy by 2050.

**Budgetary Impact Worksheet****Does this action change appropriations?**

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