November 2, 2017

**To:** Portland Housing Bureau N/NE Oversight Committee

**From:** Andrea Matthiessen, Housing Program Manager

**Re:** N/NE Homeownership Update

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**Increase in Homeownership Subsidies**

Taking into consideration the support of the N/NE Oversight Committee, the Mayor has approved a per unit increase in homeownership subsidies from $80,000 to $100,0000 for down payment assistance and up to $125,000 for the development of permanently affordable new construction units.

**Additional Homeownership Resources for N/NE Neighborhood Housing Strategy**

Similarly taking into consideration feedback from the N/NE Oversight Committee, the Mayor has approved the additional resources necessary to maintain the 2015 N/NE Neighborhood Housing Strategy commitment to provide 65 families with affordable homeownership opportunities. It is estimated that approximately $2 million will be required to accomplish this, providing PCRI with an additional $420,000 and the AAAH Collaborative with an additional $1,580,000. Additional resources are anticipated to come from the $7 million of “TIF LIFT” approved by Portland City Council in 2016, detail is included on page 3 of this memo.

**Request for Funding Shift**

The AAAH Collaborative, which includes Habitat for Humanity, is requesting a shift in funding allocations to accommodate development timelines and get households in the current Preference Policy round into homeownership units as soon as possible. The AAAH Collaborative budgeted resources from its original $3,270,000 N/NE Neighborhood Housing Strategy allocation to develop a two-phased (12 units and 18 units) affordable homeownership project at Kilpatrick and Interstate. In the 2017 Winter NOFA, Habitat for Humanity was awarded $1,500,000 in TIF LIFT resources for the 12-unit Olin Street Condo project.

The Olin Street Condo project will likely be complete and ready for sale to eligible Preference Policy homebuyer by November 2019, in advance of the Kilpatrick project referenced above. As such, Habitat for Humanity and the AAAH Collaborative are jointly requesting to fund the Olin Condo project with N/NE TIF resources allocated to the AAAH Collaborative through the 2015 N/NE Neighborhood Housing Strategy. They are also requesting to use “TIF LIFT” resources allocated to the 12-unit Olin Condo project in the Winter NOFA to fund the first phase (12 units) of the Kilpatrick project, effectively swapping resources. This would leave the second phase of the Kilpatrick project (18 units) needing a funding commitment. PHB would recommend the N/NE Oversight Committee consider using an allocation of Base Interstate TIF that has been budgeted for homeownership, but is unallocated.

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| **Project** | **Units** | **Funding** | **Original Allocation** | **Proposed Allocation** |
| Olin Condos | 12 | $1,500,000 | Winter NOFA (TIF LIFT) | AAAH Collaborative (N/NE TIF) |
| Kirkpatrick 1 | 12 | $1,200,000 | AAAH Collaborative (N/NE TIF) | TIF LIFT |
| Kirkpatrick 2 | 18 | $1,800,000 | AAAH Collaborative (N/NE TIF) | Base Interstate TIF |

**Increase in Permanent Affordability**

An evaluation of the 65 affordable homeownership opportunities currently proposed under the N/NE Neighborhood Housing Strategy indicates that 28 of the 65 units (43%) will not be permanently affordable. The balance, 37 units (57%), are planned to remain permanently affordable for future low-income homebuyers. The 2015 N/NE Neighborhood Housing Strategy stated that a minimum of 30% of all affordable homeownership units would be permanently affordable, the current proposed increase reflects the very low incomes of current Preference Policy households and that many of the leveraged resources necessary to serve them require permanent affordability. Additionally, the Olin Street Condo Project was developed as a permanently affordable project and including it in the N/NE Neighborhood Housing Strategy impacts the number of permanently affordable units.

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| **PHB Interstate URA Homeownership Funding/Projects** | | | | |
| **Project** | **Funding** | **Units** | **Completion Date** | **Preference Policy** |
| PCRI Townhomes | 1,730,000 | 21 | July 2018 to | **Current Preference Policy List** |
|  | 420,000 |  | July 2019 |
| AAAH Proud Ground Acquisition/Rehab | 320,000 | 3 | Complete |
|  | 380,000 | 4 | December 2019 |
| AAAH Kilpatrick Phase 1 | 1,200,000 | 12 | December 2019 |
| AAAH Olin Street Condos | 1,500,000 | 12 | June 2019 |
| AAAH Private Developer Townhomes | 750,000 | 6 | December 2018 |
| AAAH DPALS | 700,000 | 7 | December 2019 |
| 5020 N Interstate | 5,000,000 | 48 | July 2020 | **Future Preference Policy Round** |
| *Proud Ground* |  |  |
| Kilpatrick Phase 2 | 1,800,000 | 18 | June 2020 |
| *Habitat* |  |  |
| TBD | 3,500,000 | TBD | TBD |
| *Land Acquisition* |  |
| Unallocated | 1,200,000 | 12 | TBD |
| **SUB TOTAL** | **18,500,000** | **143** |  |  |
|  |  |  |  |  |
| **Original N/NE Neighborhood Housing Strategy for Homeownership** | | | |  |
| **PCRI** | **Funding** | **Units** | key: | N/NE TIF |
| Scattered Site Townhomes | 2,150,000 | 21 |  | TIF LIFT |
| **Current funding** | 1,730,000 |  |  | Base TIF |
| **Additional resources** | **420,000** |  |  |  |
| **AAAH Collaborative** | **Funding** | **Units** |  |  |
| Proud Ground homes | 700,000 | 7 |  |  |
| Kilpatrick | 1,200,000 | 12 |  |  |
| Olin | 1,500,000 | 12 |  |  |
| Montana Townhomes | 750,000 | 6 |  |  |
| DPALs | 700,000 | 7 |  |  |
| **Total** | 4,850,000 | 44 |  |  |
| **Current Funding** | **3,270,000** |  |  |  |
| **Additional resources** | **1,580,000** |  |  |  |
| **TOTAL ADDITIONAL RESOURCES** | **2,000,000** |  |  |  |