

Portland's Housing Bond

Date: February 6, 2020

To: Bond Oversight Committee (BOC) Members

From: Shannon Callahan, Portland Housing Bureau

CC: Mike Johnson, Elizabeth Hilt, Molly Rogers, Tanya Wolfersperger, Jill Chen, Jennifer Chang; Portland Housing Bureau

Re: Bond Expenditure Report and BOS Award update

BACKGROUND - Expenditure Report

In November 2016, the City of Portland (the "City") received voter approval on Bond Measure 26-179, authorizing the City to issue \$258.4 million of General Obligation Bonds to fund affordable housing. To date, two series have been issued. The first was used for the acquisition of the Ellington Apartments.

The second series was issued to fund the acquisition of the East Burnside Apartments and the property on Prescott Street. These were the final bond expenditures made under the former acquisition/construction model. In 2018, voters passed an amendment to the Oregon Constitution allowing municipalities new flexibility in the use of Bond funds, including the ability to lend Bond funds to private and non-profit entities, and the ability to leverage outside sources of funding in the development of Bond projects. The table below shows the uses of bond proceeds to date.

Bond Project Expenses

The Ellington	\$37,000,000
105th and Burnside	\$14,300,000
Prescott (Land)	\$ 500,000
Powell (Site Development, pre-HF ROF)	\$ 173,023
Total	\$51,973,023

BACKGROUND ON 2019 BOS PROCESS AND AWARDED PROJECTS

In 2016, Portland voters approved Portland's Housing Bond dedicating \$258.4 million in general obligation bonds to the development of 1,300 units of affordable housing for low-income households. In 2017, the Housing Bureau adopted Portland's Housing Bond Policy Framework to guide its implementation according to community priorities.

In 2018, voters passed an amendment to the Oregon Constitution allowing municipalities new flexibility in the use of Bond funds, including the ability to lend Bond funds to private and non-profit entities, and the ability to leverage outside sources of funding in the development of Bond projects.

Under this new authority, PHB issued the Bond Opportunity Solicitation (BOS) and invited proposals from private and non-profit development partners to help meet and exceed the

affordable housing goals established under the Bond Policy Framework. These funding award recommendations align with our commitments to furthering our community goals, as contained in the Stakeholder Advisory Group Framework, of preventing displacement, advancing racial equity and making a tangible impact on ending homelessness.

These funding recommendations will also confirm our commitment to the voters of Portland, as **we will have met or exceeded each individual target for the Portland Housing Bond**. As well, we will have a reserve of uncommitted funds for both a project reserve fund and to create additional affordable housing to further exceed our production targets.

Review Process

PHB reviewed all applications for minimum threshold requirements. This step ensured that applications met the BOS criteria. All proposals met these minimum threshold requirements. The proposals were then grouped into three categories so that the committees had a manageable portfolio of proposals to review. Each proposal then went through a two-step review process, including final interviews with a Community Review panel.

Technical and Financial Feasibility Review Committee: Reviewed proposals based on all solicitation requirements and preferences, materials submitted, and the Evaluation Criteria. Results and recommendations of the Technical and Financial Feasibility Review Committee process were shared with the Community Review committee.

Community Review Committee: Comprised of members of the Bond Oversight Committee, as well as, partner organizations OHCS, JOHS and community members. The committees reviewed then ranked proposals based on all solicitation requirements and preferences, materials submitted, the Evaluation Criteria, the ranking of the Technical and Financial Feasibility Review Committee, alignment to community needs and priorities of the Bond Policy Framework. These Committees then interviewed all proposing teams before submitting their final rankings and preferences.

Awarded Projects

Nine projects were awarded funding. Three are on already identified properties that were included in the BOS, and six are on sponsor-controlled sites. With the exception of SW Portland, these projects provide the geographic diversity the Framework prioritized for our Bond investments.

Bond Project Commitments

Mann House	\$12,964,051
Las Adelitas	16,215,000
Cathedral Village	16,313,000
Stark Street	13,950,000
115th at Division Street	15,658,807
Prescott	7,500,000
Susan Emmons	18,491,909
Joyce *	2,254,778
Westwind *	11,000,000
3000 SE Powell	27,000,000
Total	\$141,347,545

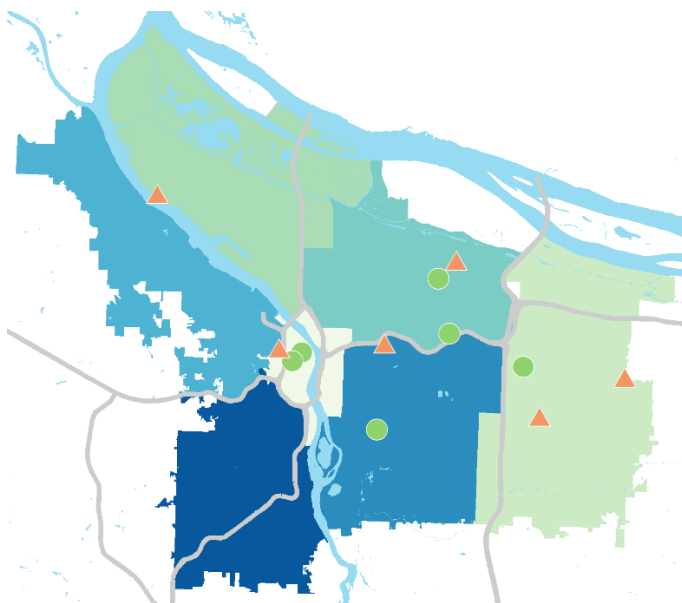
Program Delivery Allowance (7%)	\$18,088,000
Program Delivery costs through 6/30/19 **	1,526,183
Program Delivery costs through 1/30/20 **	874,600
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Remaining Program Delivery Allowance	\$15,687,216
Project Reserves	\$22,202,455
Bond Funds Remaining ***	\$24,788,977
add Net Interest and Other Credits ****	\$ 42,516
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Total Funds Remaining	\$24,831,493

* - Other funding sources will be added; \$4,000,000 from the County for Westwind, \$3,450,000 in TIF for the Joyce.

** - Included are property acquisition related costs, staff time and indirect for those acquisitions and the staff costs to date for the bond project commitments.

*** - Remaining bond funds include \$600,000 from the 2019B series bonds, debt managed cash (interest), and bonds not yet sold.

**** - Current debt managed cash available



1300 units
✓ <u>1424</u>
600 at 30%
✓ <u>600</u>
300 PSH
✓ <u>313</u>
650 Family

Project Narratives

Mann House (*updated name*)

Innovative Housing Inc with IRCO and Luke Dorf

The Mann House is a historic Portland property located in the amenity-rich Laurelhurst neighborhood. Redevelopment of the Mann House will create 4 rehabilitated and 84 new construction apartments from 1 – 3 bedrooms. The project presents a unique opportunity to provide low-income households, including people of color, with the opportunity to live in an unparalleled location packed with supportive amenities and will drastically increase density, ease the impacts of gentrification, add much-needed reasonably priced housing, and add cultural and racial diversity to the neighborhood. Twenty-seven units will be affordable to households with incomes at or below 30% of area median, twelve of which will provide PSH.

Las Adelitas

Hacienda CDC with Cascadia

Las Adelitas is a community-based anti-displacement development which attempts to mitigate the effects of rising rents on families, and inevitable displacement and gentrification within the Cully neighborhood. The proposed four-story new construction will transform the former “Sugar Shack” site to a place-based affordable housing development with units ranging from studios to 3 -bedrooms and will provide supportive social and economic opportunities for homeless individuals, working families, and people of color in Cully. The building will include 18 units of PSH. Among other community amenities, Las Adelitas will also provide a large classroom dedicated to the Portland Nino’s programs which serves young children 0-5 years of age.

Cathedral Village

Catholic Charities and Related Northwest

Cathedral Village is a new construction housing community located in the St. Johns neighborhood in North Portland with comprehensive resident and expanded PSH services. The proposed community will be complemented by an enriched after school arts/music, representing a thoughtful response to the housing needs of the North Portland community, and will provide equitable access to the new units of low- income housing which will serve the families, populations of color, immigrants and refugees, and households experiencing homelessness or at risk of homelessness in an area well supported by parks and public amenities.

Susan Emmons

Northwest Housing Alternatives with NW Pilot Project and NAYA

The Susan Emmons will create low-cost, services-strong affordable housing in a high opportunity area highly impacted by gentrification and is a rare new construction opportunity in inner Northwest Portland’s Historic Alphabet District. This project seeks to equitably serve disadvantaged populations including seniors, veterans, communities of color, and the disabled with services that are culturally responsive and flexible, and leverages continued PSH and referral relationships with Northwest Pilot Project and NAYA. A unit mix of studios and 2-bedroom units maximizes the number of households served while minimizing the Bond and PSH subsidy per unit, far below the maximum per-unit threshold for new construction.

115th at Division Street

Related Northwest and Central City Concern

Located in the Powellhurst-Gilbert neighborhood, 115th at Division Street will be Phase II of the adjacent Division Street Apartments—a low barrier PSH project currently in predevelopment. The project leverages services investments at the Division Street Apartments to create a tangible housing continuum whereby residents elevating out of PSH units can access housing at 115th at Division Street and remain in the immediate community. The project will serve households at 30% and 60% AMI with seven units set aside for PSH. Fifty percent of the total units are family-size, recognizing the needs of large families in Outer Southeast Portland.

Notably, the 30% AMI units are distributed proportionately among the unit types to ensure families below 60% AMI have access to appropriately sized units. Target populations include families, Communities of Color, immigrants and refugees, and households experiencing, or at risk of, homelessness.

Stark Street Project

Human Solutions with Lifeworks NW

The proposed new construction project will be a Housing First model with intensive, on-site support and clinical services, located on an HIS-owned in East Portland. The project and will include family-sized units from one to three bedrooms with 16 PSH units in an area where families are experiencing extremely high rates of housing instability, school mobility, and displacement.

NE Prescott

Community Development Partners with NAYA and NARA

The proposed development will create 50 new apartment units within the Cully neighborhood of Portland, in an area of growing density and pedestrian activity near the intersection of NE Prescott Street and NE Cully Boulevard. Community Development Partners NAYA will jointly develop and own the project, which will replace the site's existing single-family home. NAYA and the Native American Rehabilitation Association (NARA) will partner to provide services to all residents, including in 9 units of PSH. Active ground floor uses will include a street-facing community space, a community room, a residential lobby and support spaces.

The Joyce Hotel

Community Partners for Affordable Housing with Cascadia

The Community Partners for Affordable Housing (CPAH) proposes renovation of the Joyce Hotel to provide Permanent Supportive Housing for people who have been homeless, who are vulnerable, and who need both subsidized housing and services to be successful. The Joyce Hotel will be dedicated fully to residents who need both intensive services and deeply affordable rents; all units in the building will be connected to project-based vouchers and we anticipate that all residents will be extremely low-income. A rich array of voluntary supportive services will be offered on site through a collaboration of Cascadia Behavioral Healthcare (Cascadia), Native American Rehabilitation Association of the Northwest Inc. (NARA), and Cascade AIDS Project (CAP). Mission-based property management will be provided by Cascadia Housing and CPAH will be providing a resident services coordinator to work closely with all partners to support eviction prevention, to assist with the leasing process, and to provide community-building activities and connect with external resources.

The Westwind

Central City Concern with NARA

Central City Concern (CCC) proposes demolition of the current building and construction of 100 new units of deeply affordable SRO and studio housing, combined with extensive supportive services and amenities, and immediate access to CCC's network of medical and social services throughout Old Town. The interior programming will deliver efficient SRO and Studio units, with ample shared amenities and gathering space to elevate community interaction for residents and supportive services staff in the building. The majority of residents will be individuals transitioning from homelessness and experiencing and a mental illness and/or disabling condition. The project further prioritizes communities who are overrepresented in Portland's homeless population in partnership with the Native American Rehabilitation Association (NARA) and CCC's culturally specific programming.