

IMPACT STATEMENT

Legislation title: *Authorize new construction financing for an affordable housing project to be developed by an Innovative Housing Incorporated affiliate not to exceed \$20,544,000 (Ordinance)

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Also Present:

PHB Staff:

Molly Rogers, Deputy Director

Jill Chen, Housing Investments and Portfolio Preservation Manager

John Marshall, Housing Portfolio Finance Coordinator

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Purpose of proposed legislation and background information:

- This Ordinance requests City Council approval of financing in an amount up to \$20,544,000 total, using approximately \$12,544,000 of Portland Housing Bonds (Portland Bonds) and approximately \$8,000,000 of Community Development Block Grant funds from fiscal years FY 2021-22 through FY 2023-24.
- The funds will allow Innovative Housing Inc. (IHI) affiliate, Anna Mann Limited Partnership (Anna Mann), to acquire and renovate an existing building and construct two new buildings to develop affordable housing at 1021 NE 33rd Avenue (Project) and provide authority to advance the Project and execute loan documents by the Director of the Portland Housing Bureau.
- The Project will provide 128 affordable units, including 42 units at 30% area median income (AMI) with 12 being Permanent Supportive Housing (PSH) units having Project Based Section 8 voucher rental support and JOHS service subsidy. The remaining 86 units will be restricted to households earning up to 60% AMI. In addition, there will be an unrestricted manager's unit.
- The Affordability mix is indicated below:

Unit Size	Total No. Units	Total @ 30% AMI	Total @ 60% AMI	MGR Unit	PSH units @30% AMI	PBS8 Vouchers
1 Bedroom	66	24	42		2	2
2 Bedroom	49	13	35	1	7	7

3 Bedroom	13	5	8		3	3
4 Bedroom	1		1			
Total	129	42	86	1	12	12

Financial and budgetary impacts:

- PHB is required to regulate and monitor all affordable rental housing projects that contain City allocated funding for a minimum sixty years and PHB funded projects are regulated for 99-years.
- The cost of PHB delivery of the units including community outreach, establishment and coordination of a Bond Oversight Committee, Project due diligence, construction monitoring, negotiations, loan documentation, and regulatory agreement are anticipated and included in the PHB FY 21-22 Adopted Budget and is covered in the Program Delivery Fee of \$820,636.
- The financing amount is included in the bureau five-year forecast and appropriation for the first year is included in the PHB FY 2021-22 Adopted Budget. The bureau is charging a regulatory compliance fee over the life of the projects to cover compliance monitoring costs.
- Anna Mann is applying and qualifies for System Development Charge (SDC) and Construction Excise Tax (CET) exemption and building permit waivers which are expected to total approximately \$1,865,081 in foregone City revenue.

Community impacts and community involvement:

- Redevelopment of an under-utilized site with a 110-year old building on the National Historic Register in the Laurelhurst Historic District.
- 128 units of affordable housing in the Laurelhurst Historic District including 12 PSH intended to serve the homeless or at risk of homelessness.
- 42 units (or 33%) will be restricted to 30% and under AMI households.
- Project will preserve many of the mature trees and landscaping on the site, one of the top requests from the neighborhood community meetings.
- The Project is on track to meet or exceed PHB's required equity in contracting goals of 30% for certified DMWESB-Service Disabled Veteran for construction costs and 20% for professional services. IHI expects the general contractors, Silco Construction and Todd Construction, to reach 34% of construction costs to certified firms and 90% for professional services.

The development team has met with various community stakeholders during the pre-construction phase of the Anna Mann project. IHI went to the Laurelhurst Neighborhood Association and made two presentations, one before applying for funds, and one after being awarded PHB funding. IHI went to the Kerns Neighborhood Association once before applying for funds, and twice after being awarded PHB funding. Both neighborhoods stated they were pleased that the Project will bring diversity to their neighborhoods, and that the National Register building and many mature trees will be preserved. IHI updated the Kerns Neighborhood Chairperson on 10-1-21, via zoom, who was happy IHI is taking extra steps to save large trees at the site.

The current DMWESB-SDV participation rate is expected to be 34%. IHI presented the Anna Mann project to Prosper Portland's Community Opportunities and Enhancement Program (COEP) and

groups working with them including the Professional Business Development Group, LatinoBuilt, National Association of Minority Contractors - Oregon (NMAC) and Oregon Association of Minority Contractors (OAME). NMAC and OAME have assisted by providing several virtual opportunities to present the Project to their members. IHI has also contracted with NMAC to provide additional direct outreach. The general contractors are also following the City procurement requirement by reaching out directly to COBID subcontractors via phone and email. Lastly, IHI will be reaching out to Constructing Hope, Oregon Tradeswomen and Portland Youthbuilders to meet Workforce Training goals for the development.

Unit Mix and Affordability

Project Overview:

Total Units:	129
Permanently Affordable:	128
	42 affordable at 30% AMI, 86 affordable at 60% AMI, and
	1 unrestricted Manager's Unit

100% Renewable Goal:

The Project will incorporate the PHB Green Building Policy Standards. It is renovation and new construction and includes Earth Advantage features, though it will not seek certification due to incremental costs.

Budgetary Impact Worksheet

Does this action change appropriations?

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