

Meeting Summary: Bond Oversight Committee October 6th, 2022

*All materials for this meeting are archived with the Auditor's Office as public record and [accessible here](#).

Committee Members in attendance:	Susan Emmons, Anneliese Koehler, Allan Lazo, Dr. Steven Holt (<i>facilitator</i>)
PHB staff in attendance:	Molly Rogers, Tanya Wolfersperger, Jill Chen, Jennifer Chang, Gabriel Matthews, Ryan Davis, Leslie Goodlow, Angel Landron-Gonzalez, Ayman Abualajin, Chris Gustafson, Gena Scott, Antoinette Pietka, Martha Calhoun, Lindsay Brown, Matthew Tschabold, Rachel Stein, Danell Norby
Others in attendance:	Michelle Naert (<i>captioner</i>), Stef Kondor (Related Northwest), Daniela Chancy (Related Northwest), Ryan Hood (Related Northwest), Jonath Colon (Centro Cultural)

Welcome, Roll Call, Minutes (Recording Time: 0:00:00 – 0:04:00)

- Roll call was taken and recorded
- Susan Emmons made a motion to approve the August 4, 2022, meeting summary; Allan Lazo seconded
- The August meeting summary was approved by the members in attendance:
Susan Emmons and Allan Lazo

Public Testimony (Recording Time: 0:04:00 – 0:05:45)

- There was no public testimony

Portland's Housing Bond Updates (Recording Time: 0:05:45 – 0:33:22)

Bond Projects Dashboard Report

Jill Chen, Housing Investments and Portfolio Preservation Manager

- 2022 openings
 - Cathedral Village opened in August and had its grand opening in September
 - Hayu Tilixam opened in September, waiting on celebration dates
 - Starlight, a project with Central City Concern, opens in October with the grand opening on November 15th
 - Emmons Place will be opening sometime later in October
 - Las Adelitas is on track for a December opening
 - Crescent Court opened in May
- Bond projects dashboard report – progress as of September 30, 2022
 - PHB is providing Alder 9 (a 159-unit building) an additional \$4.73 million to help them move through the funding gaps, and they will be closing January 2023. Alder 9 has also swapped out some of their studios for one-bedroom units

- Francis + Clare (a 61-unit building in partnership with Catholic Charities and Edlen & Co) is also moving forward in the Ladd's Addition neighborhood. They had a cost increase of over \$3 million and PHB was able to increase their funds by about \$350,000. They applied for private activity bonds and 4% Low-Income Housing Tax Credit (LIHTC) earlier in the week
- Barbur Apartments (a 149-unit building) has a funding gap of about \$8 million and did not receive Oregon Housing & Community Services TIF funds so PHB is working with the developer and other partners on the next steps
- Issues and risks:
 - Private activity bonds over subscription, 4% LIHTC pre-app
 - Continued cost increases 1% per month; supply chain, subcontractor/staffing issues
 - Interest rates continued increase over 200+ bps
 - Funding gaps remain; alignment of public resources needed
 - Multiple PSH projects opening (200+ unites) stressing system
 - Projected operating costs may be insufficient
- PHB projects stretch across the geography of Portland and have a diversity of building type and affordability. Five projects are open so far consisting of 612 units, of which 421 are family sized and 196 are 30% deeply affordable units. Three more projects are opening during the remainder of 2022 consisting of 385 units, of which 97 are family sized and 225 are deeply affordable. In total, over 1,000 units will open in 2022
- 2023 and 2024 openings
 - The Aurora (93 units) opening February 2023
 - Anna Mann (128 units) South Building opening February 2023, addition in March 2023, and North Building in May 2023
 - The Joyce (66 units) opening April 2023
 - Emmons Place North Building (98 units) opening May 2023
 - 3000 SE Powell (206 units) moved to January 2024
- **Susan Emmons** asked if occupancy and retention is monitored after the buildings are opened, and if the providers and owners give reports
 - Gena Scott, risk analysis and compliance manager, answered that her team looks at three parts if there is a loan: financial health of the project, property health (whether its safe for residents and that affirmative fair housing marketing plans have been done), and tenant reporting (which owners are required to submit every year)
- **Allan Lazo** asked what the next steps are if the funding gap for a project can't be closed
 - Jill responded with some of the steps that can be taken, such as shifting resources and working with OHCS. Interim Director Molly Rogers added context by relating specifically to the challenges faced by the Barbur Apartments project. Allan followed up asking if there is a mechanism in place to align resources, Jill and Molly replied that there is no mechanism and explained the process a bit more

Angel Landron-Gonzalez, Finance & Accounting Manager **Expenditure Report Highlights**

- The expended vs. committed amounts have continued increasing on ongoing construction compared with the previous quarter report
- The project spending has increased by \$12.2 million, or 8.88%
- The commitments have decreased by \$12.2 million, or -10.18%
- The reserve remains at \$167,000 and the net interest and credits remain at \$2.28 million. That amount is planned to be used for future projects
- **Susan Emmons** asked if there is a date by which the bond money is required to be used

- Molly answered that she believes the commitment to the voters puts 2024 as the date for the bond money to be used

Molly Rogers, Portland Housing Bureau Interim Director
Financial Audit Report

- The final bond audit will be next week and will be sent out once it is finalized
- Sneak peek at the audit reveals that fiscal responsibility is looking good, bonds were spent on eligible expenses, and that recommendations were made for programmatic tweaks and process improvements
- Angel added that PHB has received the final draft and is in the last stage of validation for the review to be published

[Project Team Presentation: Cathedral Village \(Recording Time: 0:33:22 – 0:52:55\)](#)

Stef Kondor, Senior Vice President of Development, Related Northwest

- Project overview
 - Located in the St. John’s neighborhood, two blocks away from Cathedral Park
 - Catholic Charities is a co-owner and is providing on-site resident services and case management
 - Over 50% of the units are family units: 45 two-bedroom and 11 three-bedroom units
 - Four-story wood construction building
 - VIBE PDX will provide an after-school music and arts program for children
 - Priority communities served are families, communities of color, and households experiencing or at risk of homelessness
 - Approximately 250 – 300 people are estimated to be housed
- Project funding sources
 - Just under \$16 million of Portland housing bonds was used
 - Permanent financing of just over \$7 million
 - Almost \$11 million in 4% low-income housing tax credits (4% LIHTC) was used
 - Project has a deferred developer fee, weatherization grant, and assistance from other sources
 - Awarded a PGE solar grant to fund the rooftop solar array
 - Total cost was \$36.2 million and was leveraged 2.3 times
- Development progress
 - 26 occupied units since August 18th, over 200 people on the waitlist
 - Another 19 applications are in and 10 that are fully approved
 - Awarded Earth Advantage: Platinum Multi-Family Certification
 - Eight units are permanent supportive housing (PSH) units, spread across the family units
 - Receiving second equity installment since construction was completed and that will be used to pay some of the construction loan
- Material changes
 - Lengthened building to accommodate program due to railroad crossing, added partial cul-de-sac per PBOT requirements and ROW improvements at a cost of \$457,968
 - Added full brick to building for acoustical massing to dampen railroad noise to meet St. Johns riverfront acoustical requirements at a cost of \$528,983
 - Added property line fencing and landscape boulders along property adjacent to railroad at a cost of \$38,432
 - Portland fiber optics relocated due to existing manhole proximity to PBOT requirements at a cost of \$41,802

- Total cost was \$1,067,185 since funding award
- They fundraised and received favorable equity pricing. Their 4% tax credit was also fixed, allowing them to give \$1.5 million back to Portland Housing Bureau after closing
- DMWESB-SDV Updates
 - The contractor for this project is LMC Construction and the architect is MWA
 - 38.65% DMWESB participation was achieved on this project, exceeding the goal of 30%
- Issues/challenges
 - Unforeseen buried debris
 - Escalation of lumber prices
 - COVID-19
 - Compression of equity market
 - Decrease in pricing
 - Longer construction period timelines
 - Greater contingency
 - Government delays due to staffing
 - Procurement delays
 - Insurance premium increase and greater fire security requirements
- Community engagement
 - Outreach at Cathedral Village Jazz Festival, local Neighborhood Associations, and via feedback from partners to improve amenities and room size
 - Local artists painted murals highlighting Cathedral Parks music history
 - All female development and financing team
- **Susan Emmons** asked how many months have been allowed for lease-up and for a description of the laundry facilities
 - Stef answered that the lease-up will take about six months. She also said the building has two large laundry rooms, one on the second floor and one on the third, and they are both located next to the elevator lobby so there is a seating area for people with large windows to provide a nice view

[Project Team Presentation: Alder 9 \(Recording Time 0:52:55 – 1:12:18\)](#)

Ryan Hood, Senior Project Manager, Related Northwest
Jonath Colon, Deputy Director, Centro Cultural

- Project overview
 - Project was awarded in February and the anticipated closing date is January 17th, 2023
 - Private activity bonds have been allocated
 - Related NW is purchasing the site. It had already been designed, been through its design review and is fully entitled
 - Originally designed as a market-rate development of mostly studios and one-bedrooms but is being repurposed as affordable housing
 - Located at SW 9th and Alder, a location that hasn't seen affordable housing in a long time
 - 159 total units, of which 52 are family units and 25 are permanent supportive housing units
 - Service partners include Centro Cultural (main service provider), EngAGE Northwest, Impact Northwest, SEI, and IRCO
 - Priority communities served are seniors 55+, multigenerational families, BIPOC households, and unhoused households

- Project funding sources
 - \$25 million in Portland Housing Bonds was used, as well as an additional gap award from PHB of \$4.7 million
 - Almost \$37 million in low-income housing tax credits (LIHTC) was used
 - Carrying a permanent loan of close to \$12 million
 - A Metro transit-oriented grant and an infrastructure grant have been secured due to its location and some of the artist programming that is being put onsite
 - Total project cost is just about \$84 million and was leveraged 3.3 times
- Development progress
 - Currently in pre-development, closing in January 2023
 - Fully entitled and designed, which should allow for 11 months from award to closing
 - Situated in Portland’s desirable Central Eastside
 - Undergoing a permit revision to accommodate onsite programming
 - Amenity rich and enhanced with holistic services focused around the mind, body and spirit philosophy
 - Deeply affordable unites, including 46 project-based vouchers (PBVs)
 - Anticipating permits to be issued in December of 2022, closing on January 17th, 2023, and construction beginning a few days later on January 20th, then construction completion in December of 2024
- Additional \$4.7 million PHB gap funding awarded due to cost escalation and rising interest rates since receiving funding award
- For DMWESB, they are currently estimating having over 30%, with a goal of 35%, on hard cost contracts. They are currently at 26% for profession services
- Issues and challenges
 - Constantly escalating interest rate environment. Five hikes in the last year alone, effectively reducing the amount of debt a project can carry on
 - Rising escalation on construction costs
- Community engagement
 - Suba Ganesan, the Arts Laureate of Portland, has aided in bringing nonprofits together for the project and helped inform design on a portion of the artist space
 - IRCO has been used to conduct a survey with prospective residents to help inform design, unit sizes and layouts, and community gathering spaces
 - Other community groups that have been involved include Central Eastside Industrial Council, Buckman Neighborhood Association, and Alan De LaTorre’s Age Friendly City program
- **Susan Emmons** asked if there will be office space onsite for Centro Cultural and Impact Northwest
 - Ryan answered that Centro Cultural will have almost 900 square feet of office space as well as an additional office for resident services. Impact Northwest will have an office in addition to the wellness office they will be operating. Engage Northwest will also have an office
- **Allan Lazo** asked if Ryan could expand on what benefits being fully entitled and designed had on helping move the project along more quickly and efficiently
 - Ryan explained how purchasing the project fully entitled and designed and nearly permit-ready saved time and money. As it is, they only have to do tenant improvements (TI). He estimated that without that advantage, the project would take an additional six months and a lot of cost

[Interim Director’s Update \(Recording Time 1:12:18 – 1:24:45\)](#)

Molly Rogers, Portland Housing Bureau Interim Director

- Opened the floor to gauge interest in keeping the chair and co-chair as is for another two-year appointment or changing leadership. After discussion, **Susan** motioned to keep the current chair (**Todd**) and co-chair (**Allan**), and

Annaliese seconded the motion. The vote was unanimous by all members present to retain the current chair and co-chair for another two-year appointment

- Spoke about her experience at the Cathedral Village groundbreaking
- Gave updates on PHB staffing changes. Tanya Wolfersperger was promoted to Housing Development and Construction Services manager, while Gena Scott had been promoted to Risk Analysis and Compliance manager

Closing Remarks / Next Meeting (Recording Time: 1:24:45 – 1:26:30)

- Congratulations to the teams and a thank you for those participating in/attending the meetings
- Next meeting is February 2nd, 2023, and will remain hybrid