

ORDINANCE No. 185577

*Authorize a loan of up to \$3.4 million of Tax Increment Financing for the acquisition and rehabilitation of the 1200 Building to preserve an expiring Section 8 rental assistance contract serving the elderly and disabled and to preserve 89 units of affordable housing in the South Park Blocks (Ordinance)

The City of Portland ordains:

SECTION 1. The Council finds that:

1. The City's financing will consist exclusively of a loan of no more than \$3.4 million of Tax Increment Financing and a promissory note in favor of PHB for the purchase and rehabilitation of the 1200 Building. The terms of the City's financing are summarized in Exhibit B.
2. A condition of the City's financing is financial participation from other public and private sources. Among those sources, Oregon Housing and Community Services will issue tax exempt bond financing in an estimated amount of \$12,542,000 for construction with \$9,000,000 for permanent financing. These bonds will be purchased by US Bank, the senior construction and permanent lender. In addition, Enterprise Community Investments, Inc. as the tax credit investor, will provide equity in an approximate amount of \$6,386,000.

NOW, THEREFORE, the Council directs:

- a. The City's financing consisting exclusively of not more than \$3.4 million in Tax Increment Financing from the South Park Blocks URA in accordance with the terms and conditions set forth in Exhibit B, are hereby approved subject to the satisfaction of the following:
 1. Conditions prior to the closing of construction financing:
 - i. receipt by PHB of an executed gross maximum price contract in form and substance acceptable to PHB;
 - ii. commitments from other lenders and investors in a minimum amount set forth in the Sources and Uses as approved by PHB's Housing Investment Committee; and
 - iii. receipt of all due diligence required by PHB.
- b. So long as the amount of the City's financing described in paragraph 1 above is not increased, the Director of PHB is authorized to approve any other amendment to the financing and to execute, regulatory agreements, loan documents, and such other documents in form and substance as may be required to complete the financing approved by this Ordinance, all subject to the approval as to form of such documents by the City Attorney's Office.

- c. The Mayor and Auditor are hereby authorized to draw and deliver checks chargeable to the PHB budget when demand is presented and approved by the proper authority up to the amount of \$3.4 million.

SECTION 2. The Council declares that an emergency exists because a delay in the City's funding would impair the ability of participants in the 1200 Building to adhere to a timeline required by other financing sources and would delay the preservation of the 1200 Building, the accompanying expiring Section 8 rental assistance contract, and the creation of construction jobs; therefore, this ordinance shall be in full force and effective from and after its passage.

Passed by the Council: **AUG 29 2012**
Commissioner: Nick Fish
Prepared by: John Marshall
Date Prepared: August 13, 2012

LaVonne Griffin-Valade
Auditor of the City of Portland
By

Susan Parsons
Deputy

*Authorize a loan of up to \$3.4 million of Tax Increment Financing for the acquisition and rehabilitation of the 1200 Building to preserve an expiring Section 8 rental assistance contract currently serving the elderly and disabled, and 89 units of affordable housing located in the South Park Blocks URA. (Ordinance) to preserve

INTRODUCED BY Commissioner/Auditor: Nick Fish
COMMISSIONER APPROVAL
Mayor /Finance and Administration - Adams
Position 1/Utilities - Fritz
Position 2/Works - Fish
Position 3/Affairs - Saltzman
Position 4/Safety - Leonard
BUREAU APPROVAL
Bureau: Portland Housing Bureau Bureau Head: Traei Manning
Prepared by: John Marshall Date Prepared: August 13, 2012
Financial Impact & Public Involvement Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>
Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Council Meeting Date August 29, 2012
City Attorney Approval <i>ef</i>

CLERK USE: DATE FILED <u>AUG 24 2012</u>
LaVonne Griffin-Valade Auditor of the City of Portland
By: Deputy
ACTION TAKEN:

AGENDA
TIME CERTAIN <input checked="" type="checkbox"/>
Start time: <u>10:00 am</u>
Total amount of time needed: <u>20 minutes</u> (for presentation, testimony and discussion)
CONSENT <input type="checkbox"/>
REGULAR <input type="checkbox"/>
Total amount of time needed: _____ (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	✓	
2. Fish	2. Fish	✓	
3. Saltzman	3. Saltzman	✓	
4. Leonard	4. Leonard	✓	
Adams	Adams	✓	