

Portland, Oregon
FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT
For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Barbara Shaw	2. Telephone No. 503- 823-3339	3. Bureau/Office/Dept. Portland Housing Bureau
4a. To be filed date 12/05/2012	4b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>	5. Date Submitted to Commissioner's office and FPD Budget Analyst: 11/22/2012
6a. Financial Impact Section: <input checked="" type="checkbox"/> Financial impact section completed		6b. Public Involvement Section: <input checked="" type="checkbox"/> Public involvement section completed

1) Legislation Title:

*Authorize loans for the preservation of the Park Towers Apartments and Lexington Arms.
(Ordinance)

2) Purpose of the Proposed Legislation:

The Portland Housing Bureau (PHB) seeks authorization for a loan of up to \$2,626,181 from the City's entitlement allocation of federal Community Development Block Grant (CDBG) funds and up to \$3,500,000 from the City's South Park Blocks URA budget for proceeds of tax increment financing (TIF), with repayment based on future income and expenses and collateralized by a subordinate lien deed of trust for each property.

The City-allocated funds will leverage the commitment of other sources of funds to preserve this at-risk property for the next 20 – 60 years. The City will join HUD, the Oregon Department of Housing and Community Services, Wells Fargo, and PNC Bank in this \$40.6 million effort to preserve the Section 8 rent subsidy and the affordable tenancies at two downtown buildings. Together, the Park Tower Apartments and the Lexington Arms, have 216 residential units occupied primarily by very low income elderly and disable households.

The purchaser and borrowers is an affiliate of Robinson Jewish Home d/b/a Cedar Sinai Park (CSP). After renovations, the Lexington and the Park will join several other downtown buildings as the focus of the CSP "aging-in-place" program providing critical services to vulnerable elders to ensure a longer, more successful stay in their homes versus more expensive and disruptive alternative options.

Authority for the Housing Bureau's Executive Director to execute loan-related documents and to modify loan terms, within approval amounts authorized by City Council and with approval by the City Attorney's office, is sought under this legislation.

3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?

- | | | | |
|--|--|------------------------------------|--------------------------------|
| <input type="checkbox"/> City-wide/Regional | <input type="checkbox"/> Northeast | <input type="checkbox"/> Northwest | <input type="checkbox"/> North |
| <input type="checkbox"/> Central Northeast | <input type="checkbox"/> Southeast | <input type="checkbox"/> Southwest | <input type="checkbox"/> East |
| <input checked="" type="checkbox"/> Central City | <input type="checkbox"/> Internal City Government Services | | |

FINANCIAL IMPACT

4) Revenue: Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source.

PHB will issue two loans as described below. Repayments under Note A will be program income to the City's CDBG budget in the years received. Repayments under Note B will be program income to the South Park Blocks URA budget in the years received. Under the terms of the loan, no payments of principal and interest are expected during before 2025. Approximately \$1MM dollars is expected to be received by the City between calendar years 2025 – 2034. It is anticipated that all project financing will be renegotiated and restructured in 2034 when the primary lender's loan term ends.

Note A: Promissory note will be issued in the amount of \$2,626,181 carrying a 1% interest rate for a maximum 30-year term with repayment beginning the earlier of payment in full of the deferred developer fee or in 2026. The deferred development fee is expected to be paid in full by 2025. Repayment requirements of Note A are cash flow dependent.

Note B: Promissory note will be issued in the amount of \$3,500,000 carrying a 1% interest rate for a maximum 30-year term with repayment beginning upon payment in full of all obligations due the City under Note A. Repayment requirements are cash flow dependent. It is expected that no payments will have been made to the City under Note B by year 2034 at which time all project financing will be renegotiated and restructured when the primary lender's loan term ends.

5) Expense: What are the costs to the City related to this legislation? What is the source of funding for the expense? (Please include costs in the current fiscal year as well as costs in future years. If the action is related to a grant or contract please include the local contribution or match required. If there is a project estimate, please identify the *level of confidence*.)

\$2,626,181 **CDBG** In the current PHB budget and will be disbursed primarily in 2012.
\$3,500,000 **SPB TIF** In the current PHB budget and will be disbursed primarily in 2013.

6) Staffing Requirements:

- **Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? (If new positions are created please include whether they will be part-time, full-time, limited term, or permanent positions. If the position is limited term please indicate the end of the term.)**
No.
- **Will positions be created or eliminated in future years as a result of this legislation?**
No.

(Complete the following section only if an amendment to the budget is proposed.)

7) Change in Appropriations *(If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Fund Center column if new center needs to be created. Use additional space if needed.)*

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount

PUBLIC INVOLVEMENT

8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:

- YES:** Please proceed to Question #9.
 NO: Please, explain why below; and proceed to Question #10.

This Council item is an Ordinance approving loans for the acquisition and rehabilitation of two buildings with a total of 216 apartments for elderly and disabled residents. Preservation of existing affordable rental housing is a core goal of the Portland Housing Bureau Strategic Plan, which was developed with significant public involvement, and is overseen by the Portland Housing Advisory Commission, PHB's citizen advisory board.

Implementation of the goal is detailed in PHB's "11X13" Preservation Strategy, which identified eleven affordable rental apartments at risk of being converted to market rate dwellings upon expiration (by 2013) of HUD rental housing subsidy contracts with the current owners. PHB and community stakeholders have prioritized preservation of these developments, as many are home to vulnerable populations. After this transaction, only two of the eleven buildings in the 11X13 campaign remain at-risk.

9) If "YES," please answer the following questions:

a) What impacts are anticipated in the community from this proposed Council item?

This action will preserve the affordable homes of 216 elderly or disabled current residents of the building. PHB will record a regulatory agreement requiring the units be occupied by households at or below 60% median family income for 60 years.

b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?

Partners in identifying and prioritizing rental housing preservation include: Oregon Opportunity Network; Oregon Housing and Community Services and the Network for Oregon Affordable Housing.

c) How did public involvement shape the outcome of this Council item?

Public involvement set the priority for allocation of PHB resources for preservation of existing affordable rental housing over other expenditures for new housing.

d) Who designed and implemented the public involvement related to this Council item?


Public involvement was designed and implemented by PHB as part of the Comprehensive Plan process.

e) **Primary contact for more information on this public involvement process (name, title, phone, email):**

Daniel Ledezma, Director Equity, Policy and Communications,
Portland Housing Bureau, 503.823.3607

10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.

No. The project approved by the Council action is directly responsive to the priorities established through the public involvement process to date. No further action is needed.

 11/21/12

Traci Manning, Bureau Director

Date