

IMPACT STATEMENT

Legislation title: *Approve funding in an amount of \$1,955,509 to REACH Allen Fremont, LLC to acquire and rehabilitate the Allen Fremont Plaza (Ordinance)

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Presenter name: Traci Manning, Director, PHB

Purpose of proposed legislation and background information:

- This Ordinance requests City Council approval of financing in an amount of \$1,955,509 using \$1,760,000 in 2014-15 CDBG, and the assumption of existing PHB HOME funded loan #13474-96 in the amount of \$195,509, to REACH Allen Fremont, LLC (“REACH”), a wholly-owned subsidiary of local non-profit affordable housing developer REACH CDC (or affiliated entity).
- The purpose of funding is to allow REACH to acquire from General Baptist Convention (GBC) and rehabilitate the 64-unit senior rental housing project called Allen Fremont Plaza and provide authority for the execution of related loan documents by the Director of the Portland Housing Bureau.

Financial and budgetary impacts:

- There are no additional costs to the City associated with approving this Ordinance other than the \$1,760,000 provided for the project in the Bureau’s 2014-15 budget. The total funding amount of \$1,955,509 includes the assumption by the project’s new owner (REACH) of the remaining balance owed on the project by the current owner (General Baptist Convention) on an existing PHB loan #13474-96.
- PHB is required to regulate and monitor all affordable rental projects that contain City allocated funding for sixty years. The ongoing cost of this work is anticipated in PHB staffing budgets.

Community impacts and community involvement:

This project was awarded funding through PHB’s Spring 2014 Notice of Funding Availability (NOFA). As part of every NOFA, PHB generally conducts several community outreach activities. In this case, PHB held a public “meet and greet” at the offices of Oregon Association of Minority Entrepreneurs (OAME) on March 12, 2014. PHB also held a mandatory information session for all potential applicants May 14, 2014. In addition, PHB sent out a number of emails regarding the NOFA to a targeted list of potentially interested parties and included information about the NOFA on the Bureau’s website. After receiving applications, PHB used an outside evaluation committee to help assess proposals. Members included representatives from: Mercy Corps Northwest, the Portland Office of Equity and Human Rights, an affordable housing development consultant, a developer of affordable housing, a community representative, and a healthcare consultant.

While the project was proposed and selected before PHB began its work on the North/Northeast Neighborhood Housing Strategy (NNENHS), its location is in the heart of the area covered by the strategy. As part of the NNENHS, PHB sponsored four public forums. REACH participated in several and heard firsthand the priority community members placed on the preservation of affordable senior housing, and specifically housing serving lower income African Americans.

REACH has worked with GBC to identify how best to preserve rents which have been below those allowed under existing affordability restrictions and well below those in the market. Most residents are extremely low-income seniors, whose average age is 70; most lived in immediate neighborhood before coming to the Allen Fremont. The residents' average income is \$13,490 (26% MFI), and almost two-thirds of the residents are from communities of color. No existing tenants will be displaced because of the rehabilitation work.

The **general** contractor is a certified Minority Business Enterprise and Disadvantaged Business Enterprise in Oregon. Recent REACH projects have exceeded 35% MW/ESB participation for the construction contract amounts.

Pastor Matt Hennessee (General Baptist Convention) and Dan Valliere (REACH CDC) have been invited to testify.

Budgetary Impact Worksheet

Does this action change appropriations?

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

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