

ORDINANCE No. 18 717 0

* Authorize the Portland Housing Bureau to dispose of property at 1306 NE 2nd Ave. and make a loan of up to \$7,100,000 to develop the Miracles Central project (Ordinance)

The City of Portland ordains:

Section 1. The Council finds that:

1. On behalf of the City of Portland, the Portland Housing Bureau (PHB) administers affordable housing programs using resources, including tax increment proceeds, to support the development of affordable housing.
2. In July, 2010, PHB acquired a 10,000 square foot site located at 1306 NE 2nd Ave, in the Oregon Convention Center Urban Renewal Area ("OCCURA") from the Portland Development Commission ("PDC") commonly known as the King Crusher property (the "Property").
3. PHB issued a notice of funding availability ("NOFA") on November 15, 2012 that offered the Property and tax increment funding ("TIF") from OCCURA in order to affect the redevelopment of the Property for the provision of affordable housing. As part of the NOFA, PHB conducted an evaluation process and selected a development team to redevelop the Property.
4. The selected development team included Central City Concern ("CCC") as the project sponsor, the Miracles Club ("TMC") as the partner service provider and the Multi-Cultural Development Group ("MCDG") as the provider of development services to the the sponsor.
5. The development team has finalized plans to develop a project to be called "Miracles Central" (the "Project") on the Property which will provide 47 units of affordable housing as further described below and in the Disposition and Development Agreement attached hereto as Exhibit A (the "DDA"). The Project will also contain ground floor space in which CCC and TMC will provide services focused on people in recovery from alcohol and drug addiction.
6. Miracles Central Apartments Limited Partnership will own the Project and enter into a regulatory agreement requiring eighteen (18) of the units to be affordable at incomes up to 60% MFI, twenty-eight (28) of the units to be affordable at incomes up to 50% MFI, and one (1) unit to be affordable at incomes up to 30% MFI.
7. Total cost of the Project is approximately \$13,000,000. Financing for the Project will utilize 4% low income housing tax credits. PHB will join other lenders and investors including J.P Morgan Chase, the National Equity Fund, Oregon Housing and Community Services, CCC, Banner Bank and Federal Home Loan Bank, Seattle to provide equity and financing for the Project.

8. PHB and the development team have negotiated a financial structure that includes \$7,100,000 from PHB OCCURA TIF. The city funding is necessary to leverage nearly \$6,000,000 of other public and private financing.
9. The development team has obtained or is reasonably expected to obtain all financing, building and other approvals necessary to build the project.
10. The city funding will be directed at tax increment financing eligible uses for the development of the Project.
11. On May 20, 2015, the PHB Housing Investment Committee recommended approval of the city funding for Miracles Central subject to Council authorization.

NOW, THEREFORE, the Council directs:

- a. The city funding to Miracles Central Apartments Limited Partnership to implement the Project will consist of up to \$7,100,000 from the Oregon Convention Center URA budget.
- b. The Director of PHB or his/her designate is authorized to enter into a disposition and development agreement (DDA) that would transfer the Property to the development team generally in the form attached hereto and to approve amendments or modifications to the financing and to execute regulatory agreements, loan documents, trust deeds, and such other documents in form and substance as required to complete the financing authorized by this Ordinance, within the maximum amounts approved under this Ordinance, and 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

SECTION 2. The Council declares that an emergency exists because a delay in the City's approval would impair the ability of the Project to meet the timeline required by other financing sources including final approval of low income housing tax credits anticipated by the State Housing Council for which prior Council approval is required, and would delay the Project and impact the budget; therefore, this Ordinance shall be in full force and effective from and after its passage.

Passed by the Council: JUN 10 2015

Commissioner Dan Saltzman
Prepared by: Karl Dinkelspiel
Date Prepared: June 4, 2015

Mary Hull Caballero
Auditor of the City of Portland
By

Susan Parsons

Deputy

Agenda No. **ORDINANCE NO. 187170**
Title

*Authorize the Portland Housing Bureau to dispose of property at 1306 NE 2nd Ave and make a loan of up to \$7,100,000 for the purpose of developing the Miracles Central project (Ordinance)

INTRODUCED BY Commissioner/Auditor: Saltzman	CLERK USE: DATE FILED <u>JUN 05 2015</u>
COMMISSIONER APPROVAL Mayor—Finance and Administration - Hales Position 1/Utilities - Fritz Position 2/Works - Fish Position 3/Affairs - Saltzman <i>BS/c</i> Position 4/Safety - Novick	Mary Hull Caballero Auditor of the City of Portland By: <u><i>[Signature]</i></u> Deputy
BUREAU APPROVAL Bureau: Housing Bureau Head: Javier Mena <i>[Signature]</i> Prepared by: Karl Dinkelspiel Date Prepared: 6/4/15 Impact 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"/> City Auditor Office Approval: required for Code Ordinances City Attorney Approval: required for contract, code, easement, franchise, comp plan, charter Council Meeting Date 6/10/15	ACTION TAKEN:

AGENDA TIME CERTAIN <input checked="" type="checkbox"/> <u>2 OF 2</u> Start time: <u>at 10:00AM</u> Total amount of time needed: _____ (for presentation, testimony and discussion) CONSENT <input type="checkbox"/> REGULAR <input checked="" type="checkbox"/> Total amount of time needed: 10 (for presentation, testimony and discussion)	<table border="1"> <tr> <th>FOUR-FIFTHS AGENDA</th> <th colspan="2">COMMISSIONERS VOTED AS FOLLOWS:</th> </tr> <tr> <th></th> <th>YEAS</th> <th>NAYS</th> </tr> <tr> <td>1. Fritz</td> <td>✓</td> <td></td> </tr> <tr> <td>2. Fish</td> <td>✓</td> <td></td> </tr> <tr> <td>3. Saltzman</td> <td>✓</td> <td></td> </tr> <tr> <td>4. Novick</td> <td>✓</td> <td></td> </tr> <tr> <td>Hales</td> <td>✓</td> <td></td> </tr> </table>	FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:			YEAS	NAYS	1. Fritz	✓		2. Fish	✓		3. Saltzman	✓		4. Novick	✓		Hales	✓	
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