

IMPACT STATEMENT

Legislation title: *Authorize purchase of certain real property located at 5827 NE Prescott Street at a price and closing costs not to exceed \$558,000 (Ordinance)

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Purpose of proposed legislation and background information:

In November 2016 Portland voters approved Measure 26-179, authorizing the City to issue up to \$258,400,000 in general obligation bonds ("Portland's Housing Bond" or "the Bond") for affordable housing. PHB plans to use Bond proceeds to purchase land to develop new affordable, and to purchase existing occupied rental housing. In April 2017, the Portland Housing Bureau (PHB) convened the Stakeholder Advisory Group (SAG) to create a Framework to guide bond investments and operations. The Portland City Council accepted the Stakeholder Advisory Group Framework ("SAG Framework") in October of 2017.

Because bonds are general obligation, their use requires any housing funded to be owned by a municipal corporation

In November 2017, PHB issued a Bond Property Request for Interest (RFI) to solicit proposals for vacant land and existing buildings available for sale that met the SAG Framework goals of the Bond. This RFI produced approximately 70 proposals, including the property that is the subject of this ordinance.

The approximately 19,000 square foot property currently contains a single-family home. The property is currently zoned Commercial Mixed-Use (CM2h). PHB intends to keep the property as-is and continuing leasing the existing home until a development plan is in place. It is projected that this property will be redeveloped as a 50-70-unit, new construction project for the Portland Housing Bond.

Through the Intergovernmental Agreement (IGA) with Home Forward that was adopted by Council on February 28, 2018, asset management services will be initiated to assume property management activities for the current tenants in anticipation of the purchase.

Financial and budgetary impacts:

PHB will use a portion of an interfund loan between the Development Services Fund and the Housing Capital Fund for this acquisition. Authority for a temporary interfund loan up to \$48.0 million was adopted by Council on June 13, 2018 under Resolution No. 37366 to provide interim financing for multiple anticipated affordable housing property purchases over the next year. PHB will repay the loan with accrued interest at the rate of return on moneys invested in the City's investment pool through issuance of general obligation bonds or other City financing.

For the purchase of the property at 5827 NE Prescott Street, the Bureau of Development Services and Portland Housing Bureau are requesting adjustments in this Ordinance reflecting \$500,000 in interfund loan resources to be transferred from the Development Services Fund to the Housing Capital Fund to fund the current fiscal year costs of the acquisition. In addition to the property costs of \$500,000, there are \$58,000 in closing and pre-acquisition costs associated with this purchase. Some of these pre-acquisition costs and an escrow deposit were incurred in the prior fiscal year.

PHB and Home Forward staff have analyzed project financial information provided by the seller and have completed their own Property condition evaluation. Staff will develop a tenancing plan and rent structure for the existing single-family home, and the future new construction project, that will ensure sufficient cash flow to cover anticipated operating expenses including property management and regular maintenance.

Community impacts and community involvement:

Community Impact: PHB anticipates generally positive impacts to the community. Successful implementation of Portland's Housing Bond will help address severe unmet housing needs among the people of Portland, including some of our most vulnerable neighbors.

The acquisition of this property will ultimately create 50-70 units of new housing, including community space for on-site services, all of which will be available to households earning no more than 60% of area median income (currently \$48,840 for a family of four).

Community Involvement: Due to the sensitive nature of purchase negotiations, PHB has not engaged the community regarding the property that is the subject of this ordinance. Post purchase PHB will inform relevant community members and stakeholder groups about the project as outlined in the Bond's Community Engagement Plan.

100% Renewable Goal:

This Ordinance has no immediate impact on the City’s goal to meet 100 percent of community-wide energy needs with renewable energy by 2050. The future development of the property, including the design and construction elements of the of the site, will meet the City’s goals through green-building requirements, energy-efficient systems and the use of low-impact materials where feasible.

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
203000	DSAS000001	571100	CDAS0000000000GC				(500,000)
203000	DSAS000001	580100	CDAS0000000000GC				500,000
226007	HCPG000004	438101	CDHCPM00000000GC				12,500
226007	HCPG000004	529000	CDHCPM00000000GC				12,500