

IMPACT STATEMENT

- Legislation title:** * Authorize the purchase of certain real property located at 323-327 NW Sixth Avenue, Portland with purchase price and closing costs not to exceed the amount of \$3,052,056 (Ordinance)
- Contact name:** Tanya Wolfersperger, Housing Program Coordinator, Portland Housing Bureau (PHB)
- Contact phone:** 503-823-3251
- Presenter name:** Shannon Callahan, Director, Portland Housing Bureau

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.

Article XI, Section 9 of the Oregon Constitution requires public ownership of property purchased with Bond funds. PHB with the concurrence of the Bond Oversight Committee identified the Westwind Apartments as a property that solidly meets the requirements of the Bond SAG Framework goals. The acquisition preserves deeply affordable units and provides the opportunity to create additional supportive housing units in the central city for an extremely vulnerable population.

The approximately 10,000 square foot lot is improved with an apartment building that contains 70 single-room occupancy (SRO) residential units and approximately 5,000 square feet of ground-floor commercial space. The property is zoned Central Commercial (CX), a high density commercial zone. Upon acquisition, PHB would immediately begin life, health and safety related repairs while finalizing a longer-term development and programming plan for the building and its residents. It is possible that residents may need to relocate, either temporarily or permanently, during the rehabilitation work.

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 TIF funds from the Downtown Waterfront Urban Renewal Area district for this acquisition. In addition to the property costs of \$3,000,000, there are customary costs related to closing. PHB will use Bond funds for the long-term development of the building in approximately 2-3 years.

PHB and Home Forward staff have analyzed project financial information provided by the seller and have completed their own Property condition evaluation. Staff have developed a new operating budget that will require \$154,000 in additional funds to operate the building for the remainder of this fiscal year ensuring sufficient cash flow to cover anticipated operating expenses including property management, regular and deferred maintenance needs and resident services.

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 preserve 70 units of housing for some of the City's most vulnerable individuals, including community space for on-site services, all of which will be available to households earning no more than 30% of area median income (currently \$17,100 for a single person). Ultimately, this project will also provide 70 supportive housing units for residents exiting homelessness and at risk of becoming homeless. The 70 units of supportive housing will contribute the City's goal of creating 2,000 units of new supportive housing by 2027.

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 however this goal will be evaluated in any new development on the site that may be undertaken in the future.

***ITEM 1166**
PURCHASE WESTWIND APARTMENTS

MAYOR'S AMENDMENT

To ensure we are in compliance with local budget law, I move to strike Section 1. c. which reads:

~~c. Increase appropriations to Portland Housing Bureau by \$154,000 through the end of the current fiscal year.~~

and replace the language with the following:

c. In order to ensure sufficient cash flow to operate the subject property for the remainder of the fiscal year, this ordinance authorizes a Transfer of \$154,000 from the Housing Investment Fund to the Tax Increment Financing Reimbursement Fund.