

IMPACT STATEMENT

Legislation title: * Authorize the purchase of certain real property located at 4931-4947 N. Williams Avenue and 20-114 N. Alberta Street, Portland for property costs not to exceed \$6,800,000 plus closing costs. (Ordinance)

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Purpose of proposed legislation and background information:

This legislation authorizes the purchase of an approximately 42,100 square foot property in the Interstate Corridor Urban Renewal Area ("ICURA"). Beginning in fall 2014, the Portland Housing Bureau ("PHB") sponsored a series of public forums to get feedback on an increase to PHB's ICURA tax increment financing ("TIF") budget of \$20,000,000. The budget increase was a response to community input regarding gentrification and displacement of residents of North and Northeast Portland who had long-standing historical ties to the area. At the culmination of the public forum process, among other things, PHB created the North/Northeast Neighborhood Housing Strategy (the "Strategy") which was subsequently accepted by the Portland City Council on January 28, 2015. Strategy #4 recommends acquiring "additional land to be used for permanently affordable housing." During the forums, the community expressed a strong desire to ensure that property within the ICURA was preserved for the development of affordable housing.

The property consists of six separate tax parcels, three of which are improved with single-family residences and three of which are vacant land. These parcels are currently zoned Commercial Mixed Use 2 (CM2) which provides for a maximum height of 45 feet (about 4 stories) and a maximum floor area ratio ("FAR") of 2.5:1. PHB has not created conceptual designs for the property, but Bureau staff estimate the property could accommodate approximately 100-150 new housing units. Trimet bus #44 runs along Williams Ave. with the closest stop less than 300 feet away; bus numbers 6 and 72 are also within walking distance from the property.

During the due diligence phase, PHB either received from the current owners or itself commissioned several studies including phase 1 and phase 2 environmental site assessments, an appraisal report, a title report and a survey. The site has seen a number of uses over the years, including, historically, a two-story mixed-use building that featured retail uses on the ground floor, such as a grocery, barber shop, dry cleaner and pharmacy, and apartments on the second floor. The environmental assessments identified minor soil contamination from underground storage tanks, and other anomalies from past businesses which appear addressable through normal remediation methods. Both the survey and title report suggest that there are no significant title issues.

The site currently contains three single-family homes. One residence is owner-occupied and the other two are vacant. Empty, undeveloped lots cover an approximately equal portion of the site. The owner-occupied residence will be vacant upon PHB's acquisition. After all the buildings are vacated, they will be deconstructed to ensure against vandalism and other nuisances. PHB's redevelopment schedule depends in part on the availability of funding to subsidize units.

Financial and budgetary impacts:

PHB will use TIF housing set aside funds from the Interstate Corridor Urban Renewal Area (ICURA) for this acquisition. In addition to the property costs of \$6,800,000, there are customary costs related to closing of \$35,000 and post-closing holding costs of \$250,000. These funds are currently included in the PHB's FY 2019-20 ICURA budgets. Assuming normal development timelines, the bulk of construction funds would likely not be needed any earlier than FY 2020-21.

At this early stage, PHB has not made any firm estimate of the public subsidy that may be required to develop the property. Most recently, PHB has specified a maximum subsidy of \$150,000/unit in the solicitation for Portland Bond resources.

If Urban Renewal funds are used to fund the redevelopment, PHB typically uses those to help fund Bureau program delivery costs. If Portland or Metro Bond funds are used, PHB anticipates recovering Bureau program delivery costs through a fee or fees. Either way, the project by itself would not have significant impacts to PHB operating budget.

Community impacts and community involvement:

Community Impact: During the development of the Strategy, the Community voiced a need for land acquisition to address displacement and gentrification. As such, PHB anticipates generally positive impacts to the community as a result of the acquisition. The opportunity to develop the property to its maximum potential as affordable housing and contribute to the Strategy will benefit the immediate neighborhood and overall URA district.

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. Once the property is purchased, PHB expects to discuss its redevelopment with the Strategy's Oversight Committee. In addition, PHB will require the selected development team to engage the community as the proposed project unfolds.

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.

Budgetary Impact Worksheet**Does this action change appropriations?**

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