



[Home](#) / [Council Documents](#)

# 191096

Emergency Ordinance

## **\*Authorize new construction financing for an affordable housing project located at 888 SE Alder St to be developed by Related Northwest & Centro Cultural or affiliate not to exceed \$30,364,500**

Passed

The City of Portland ordains:

Section 1. The Council finds:

1. On behalf of the City of Portland, the Portland Housing Bureau (PHB) administers affordable housing programs using resources, including Portland Housing Bonds (Portland Bonds) and Tax Increment Financing (TIF), to support the development of affordable housing.
2. In October 2021, PHB published a Notice of Funding Availability (NOFA) to invite developers to submit proposals for affordable rental housing projects that include permanent supportive housing (PSH). PHB issued an award letter to Related Northwest and Centro Cultural indicating selection of their project to receive Portland Housing Bond funds. This letter was later revised to reflect an increased award of Housing Bonds and an award of Central Eastside TIF.
3. Related Northwest, Centro Cultural and equity investor Bank of America have together formed the Alder Street Housing Partners Limited Partnership (Borrower) to acquire the site and construct a multifamily affordable rental project with 159 rent-regulated units known as Alder 9 (Project). The Project is located at 888 SE Alder Street in the Buckman neighborhood.
4. The Project is comprised of 55 studios, 62 one-bedroom units, 36 two-bedroom units, and 6 three-bedroom units. Fifty-three (53) units in the Project will be affordable to individuals earning up to 30% of area median income; forty-six of these units are supported by Project-Based Section 8 vouchers. One hundred and six units (106) units will be affordable to individuals earning up to 60% of AMI. The Project does not include any manager's units.

Introduced by

[Commissioner Dan Ryan](#)

Bureau

[Housing Bureau](#)

Contact

Danell Norby & Lindsay Brown

Fall 2022 M-BOS Coordinators

✉ [bond.info@portlandoregon.gov](mailto:bond.info@portlandoregon.gov)

Requested Agenda Type

Regular

Date and Time Information

<p><b>Requested Council Date</b> December 7, 2022</p> <p><b>Time Requested</b> 15 minutes</p>
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5. The twenty-five (25) PSH units in the Project will receive additional funding support provided by the Joint Office of Homeless Services (JOHS) totaling up to \$10,000 per year per unit. PSH units are intended to serve the chronically homeless or those at risk of homelessness. All twenty-five (25) of the PSH units will have rental support from Project-Based Section 8 vouchers awarded by Home Forward.
6. The Borrower will enter into regulatory agreements with PHB in accordance with City policies to maintain the affordability of the Project for 20 years to comply with the Portland Housing Bond requirements and for up to 99 years to comply with additional City requirements.
7. The proposed City funding leverages over \$56 million of other public and private financing contributed by Bank of America, Citibank, Metro, the Oregon Housing and Community Services Department, and City development incentives in the form of System Development Charge exemptions.
8. On November 3, 2022, the PHB Housing Investment Committee recommended approval of the use of Portland Housing Bonds and Central Eastside TIF funds for the Project.

NOW, THEREFORE, the Council directs:

- A. The Interim Director of PHB is hereby authorized to execute any and all financing and related documents necessary to advance the project and provide an amount not to exceed \$30,364,500 to the Borrower or a Related Northwest and Centro Cultural affiliate for the acquisition, construction, and operation of the Project.
- B. The Interim Director of PHB is authorized to approve amendments or modifications to any and all financing and related documents, within the maximum amounts approved under this Ordinance, consistent with City housing policies, and subject to the approval as to form of such documents by the City Attorney's Office.

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 and would delay the Project and could affect the budget; therefore, this Ordinance shall be in full force and effective from and after its passage.

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council  
December 7, 2022

Auditor of the City of Portland  
Mary Hull Caballero

## Impact Statement

### Purpose of Proposed Legislation and Background Information

- This Ordinance requests City Council approval of financing in an amount up to \$30,364,500 consisting of \$27,231,500 in Portland Housing Bonds and \$3,133,000 in Central Eastside Tax Increment Financing (TIF) funds from fiscal years 2022-25.
- The purpose of the funding is to enable Related Northwest and Centro Cultural to construct 159 new units of affordable housing at 888 SE Alder Street in the Central Eastside/Buckman neighborhood (the Project).
- Approval of the Ordinance will authorize the Interim Director of the Portland Housing Bureau to execute all funding and related documents needed to advance the Project including construction and operation of the development as affordable housing. Given inflation and cost increases, closing expeditiously and adherence to construction timelines are critical; however, the City's funding will not be increased.

### Financial and Budgetary Impacts

- The financing amount requested in this legislation is included in the PHB FY 2022-2023 Adopted Budget and the bureau five-year forecast.
- PHB will regulate and monitor the project for a term of 99 years, charging a fee over the life of the project to cover compliance monitoring costs. A Program Delivery Fee pays for the costs of awarding and underwriting the Housing Bond funds. The cost of PHB delivery of the units including community outreach, establishment and coordination of a Bond Oversight Committee, Project due diligence, construction monitoring, negotiations, and documentation related to the development of the Project are anticipated and included in the PHB FY 2022-2023 Adopted Budget and covered in the Program Delivery Fee.
- The Project has been approved for System Development Charge (SDC) waivers, which collectively total an estimated \$2,016,432 in foregone City revenue.

### Community Impacts and Community Involvement

#### Community impacts:

- 159 units of affordable housing in Buckman (Central Eastside) targeted to intergenerationally serve senior households and their families.

- Redevelopment of a site adjacent to public transit and near amenities including three community gardens, Buckman Field Park, and the Eastbank Esplanade.
- Twenty-five (25) units of Permanent Supportive Housing (PSH); with rental support by federal Project-Based Vouchers awarded by Home Forward and service support from the Joint Office of Homeless Services (JOHS).
- Fifty-three (or 33%) of the units will be restricted to households earning 30% of the area median income (AMI) or less. 106 units will be restricted to households earning 60% AMI or less.
- 42 (or 26%) of the units will be family-sized (two or three bedrooms).
- Centro Cultural and EngAGE Northwest will provide onsite resident services including housing stability support, computer and technological training, intergenerational activities, and assistance accessing social services and community benefits.
- Impact Northwest will provide onsite supportive services to PSH residents including mental health case management, peer support, and access to culturally specific and supportive programming.
- The Project is on track to meet or exceed PHB's required equity in contracting goals of 30% certified DMWESB-SDV firms for construction costs and 20% for professional services.

### **Community involvement:**

Related Northwest partnered with Immigrant and Refugee Community Organization (IRCO) to conduct comprehensive surveys of potential residents, targeting seniors. IRCO surveyed preferences for finishes, programming, staffing, and common space elements. Based on feedback gathered, plans for Alder 9 include a spacious community gathering and BBQ area, in-unit washers and dryers in 3-bedroom units, balconies available for private outdoor space, and on-site programming including creative activities, educational classes, and movement/exercise. Survey feedback also informed the design of building security, additional storage rooms, robust bike storage, and outdoor garden areas.

TVA Architects conducted notifications and outreach to the Buckman Neighborhood Association as part of the land use review process under the previous site owner. Since then, Related and Centro Cultural have again engaged the neighborhood association as well as the Central Eastside Industrial Council through presentations highlighting the project's housing affordability, arts space and programming, and employment services oriented towards the BIPOC community.

### **Unit Mix and Affordability**

Project Overview: New multifamily rental housing construction

Total Units: 159

Permanently Affordable: 159 (53 units at 30% AMI and 106 units at 60% AMI)

Unit Size	Total No. Units	Total @ 30% AMI	Total @ 60% AMI	PSH Units	Project-Based Vouchers
Studio	55	27	28	20	20
1 BR	62	12	50	5	12
2 BR	36	12	24	-	12
3 BR	6	2	4	-	2
<b>Total</b>	<b>159</b>	<b>53</b>	<b>106</b>	<b>25</b>	<b>46</b>

### 100% Renewable Goal

Alder 9 is on track to earn the Earth Advantage Multifamily Gold certification. This project will contribute to the City's goals of reaching 100% of energy needs with renewable energy by 2050. All units and spaces will have Energy Star appliances, LED lighting, zoning controls for lighting, upgraded windows, high efficiency boilers, low VOC materials, and low flow plumbing fixtures. While all units will have air conditioning, the development team is pursuing a grant to upgrade to high efficiency mini-splits to the top 5 floors.

### Budget Office Financial Impact Analysis

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The financing amount requested in this legislation is included in PHB's FY 2022-23 Adopted Budget and the bureau's five-year forecast. The proposed City funding leverages over \$56 million of other public and private financing contributed by Bank of America, Citibank, Metro, the Oregon Housing and Community Services Department, and City development incentives in the

form of System Development Charge (SDC) exemptions, as the Project has been approved for SDC waivers which collectively total an estimated \$2,016,432 in foregone City revenue. The twenty-five (25) permanent supportive housing (PSH) units in the Project will receive additional funding support provided by the Joint Office of Homeless Services (JOHS) totaling up to \$10,000 per year per unit. PSH units are intended to serve the chronically homeless or those at risk of homelessness. All twenty-five (25) of the PSH units will have rental support from Project-Based Section 8 vouchers awarded by Home Forward.

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## Agenda Items

### 1029 Regular Agenda in [December 7, 2022 Council Agenda](#)

Passed

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Absent

Commissioner Dan Ryan Yea

Commissioner Jo Ann Hardesty Yea

Mayor Ted Wheeler Yea