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191144

Emergency Ordinance

***Authorize conveyance of City-owned real property located at 1103-1121 SW Harvey Milk St and rehabilitation financing not to exceed \$8,500,000 to Home Forward or an affiliate for an affordable housing project**

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 Tax Increment Financing (TIF) and funds from the Department of Housing and Urban Development (HUD) for the development and preservation of affordable housing.
2. PHB purchased the Fairfield Apartments from the Portland Development Commission in 2010, which consisted of a four-story, mixed-use building and underlying land located at 1103-1121 SW Harvey Milk Street (Property).
3. PHB currently operates the Property as a single room occupancy (SRO) building with asset management by Home Forward. The structure was built in 1911 and requires significant rehabilitation to reinforce and modernize the building.
4. In January 2021, PHB and Home Forward entered into a Memorandum of Agreement and an Option to Sell Land and Improvements (Option Agreement) granting acquisition and development rights to Home Forward or an affiliate (Borrower) for the purpose of renovating the building and preserving 75 units of affordable housing serving very low-income individuals (Project).
5. In September 2021, the Project received Oregon Housing and Community Services (OHCS) 9% Low Income Housing Tax Credit award and PHB extended the Option Agreement.

Introduced by

[Commissioner Carmen Rubio](#)

Bureau

[Housing Bureau](#)

Contact

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Portfolio Preservation Manager

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Requested Agenda Type

Regular

Date and Time Information

Requested Council Date

January 18, 2023

Time Requested

20 minutes

6. On behalf of PHB, Congresswoman Suzanne Bonamici submitted a federal appropriations request in April 2022 for preservation of the Fairfield Apartments. The request was approved by the House Committee on Appropriations in June 2022. Following final budget approval by the U.S. House and Senate in 2023, PHB expects to receive and award up to \$2,000,000 in FY 2023 HUD Community Project Funds to the Borrower for the Project.
7. At completion, the Project consists of sixty-six (66) SRO units and nine (9) studios. All seventy-five (75) units will be restricted to individuals earning up to 30% of area median income and supported by Project-Based Section 8 vouchers. Current residents will receive relocation assistance and income qualifying residents will have the option to return upon Project completion.
8. The Project's seventy-five (75) units will be designated as permanent supportive housing (PSH) for people experiencing or at risk of homelessness. The Joint Office of Homeless Services (JOHS) has committed up to \$10,000 per unit per year for service support.
9. Prosper Portland has partnered with the Borrower to preserve commercial space at the Property. At Project completion, Prosper Portland will own and operate approximately 3,100 square feet of renovated ground-floor space anticipated to support three retail-oriented businesses.
10. The proposed City funding leverages over \$27 million of other public and private financing contributed by the Borrower, OHCS, US Bank, KeyBank and Prosper Portland.
11. The Project will result in the conveyance of City-owned real property to support the preservation of existing affordable housing. The Borrower will enter into regulatory agreements with PHB to maintain affordability of the Project for 99-years in accordance with City policies.
12. On December 15, 2022, the PHB Housing Investment Committee recommended approval of the use of River District TIF and HUD Community Project Funds and conveyance of the Property to carry out the Project.

NOW, THEREFORE, the Council directs:

- A. The Interim Director of PHB is hereby authorized to execute, amend or modify a Disposition and Development Agreement and any other documents as may be required to convey the Property to Home Forward or its affiliate, subject to the approval as to form of such documents by the City Attorney's Office.
- B. The Interim Director of PHB is hereby authorized to execute all financing and related documents necessary to provide an amount

not to exceed \$8,500,000 to the Borrower or its affiliate for the construction and operation of the Project

- C. The Interim Director of PHB is authorized to approve amendments or modifications to 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
January 18, 2023

Auditor of the City of Portland
Simone Rede

Impact Statement

Purpose of Proposed Legislation and Background Information

- This Ordinance requests City Council approval to
 - convey the City-owned property located at 1103-1121 SW Harvey Milk Street (Property) to Home Forward or affiliate and
 - provide financing in an amount up to \$8,500,000 - consisting of up to \$6,500,000 in River District Tax Increment Financing (TIF) and \$2,000,000 in HUD Community Project Funds from fiscal years 2023-2026 - to Home Forward or an affiliate (Borrower).
- The purpose is to enable Borrower to acquire and rehabilitate the existing Property, preserving 75 units of affordable housing in Downtown Portland for permanent supportive housing (PSH) for people with very low incomes who are experiencing or at risk of homelessness (Project).
- Approval of the Ordinance will authorize the Interim Director of the Portland Housing Bureau (PHB) to execute a Disposition and Development Agreement governing the terms of the Property conveyance and all funding and related documents needed to advance the Project, including rehabilitation and operation of the development as affordable housing.

Financial and Budgetary Impacts

- The financing amount requested in this legislation is included in the PHB FY22-23 Adopted Budget and the bureau five-year forecast.
- PHB will regulate and monitor the project for a term of 99 years and will charge a fee over the life of the project to cover compliance monitoring costs.
- System Development Charges (SDC) will be issued only on the commercial portion of the Project and no SDCs are added to the residential portion.
- Costs to PHB to operate the Property will be eliminated in the FY 2022-23 budget after the Project reaches financial close, anticipated Q1 2023.

Community Impacts and Community Involvement

Community impacts:

- Preservation of 75 units of single room occupancy (SRO) and studio housing units in Downtown Portland near public transit, neighborhood amenities, and services
- Retains historic 1911 building character while modernizing amenities
- 75 units restricted to individuals earning up to 30% of area median income (AMI) for new 99-year regulatory period
- 75 units newly designated as permanent supportive housing (PSH); targeted to serve individuals exiting homelessness through the Domestic Violence Coordinated Access system or single adult Coordinated Access system
- Joint Office of Homeless Services (JOHS) to fund \$10,000 per unit for supportive services and a new 20-year HUD Project Based Voucher contract for rental support
- Urban League to provide onsite PSH and resident services including case management, peer support, and access to culturally specific and supportive programming
- 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
- Current residents will receive relocation assistance during construction and income qualifying residents will have the right to return upon Project completion
- Prosper Portland will own and operate approximately 3,100 square feet of ground-floor commercial space anticipated to house three retail-oriented, small businesses

Community involvement:

The development team met with various community stakeholders during the pre-construction phase of the Project. Tenant meetings and surveys include:

- August 2021 – Introduce existing residents to the Project and anticipated impacts
- October 2021 – Design team surveyed residents for their opinions on scope that should be included in the renovation
- May and September 2022 – Meetings on renovation scope, relocation efforts, and conversion from existing rental assistance program to HUD Project Based Vouchers

Tenant meetings were conducted at the Living Room Theatre, an accessible location one block from the Project with controls to ensure adequate social distancing. PHB and Home Forward staff also met with the building's commercial tenants to discuss the relocation process and available assistance.

Neighborhood outreach:

- April 2022 – Design team presented the Project to the Downtown Neighborhood Association, resulting in a letter of support from the Neighborhood Association
- May and November 2022 – Notices sent by BDS as part of land use process
- Ongoing – General contractor (Walsh Construction) is approaching immediate neighbors in preparation for construction

Unit Mix and Affordability

Project Overview: Rehabilitation of existing affordable housing

Total Units: 75

Permanently Affordable: 75 (all units at 30% AMI)

Unit Size	Total No. Units	Total @ 30% AMI	Total @ 60% AMI	PSH Units	Project Based Vouchers
SRO	66	66	0	66	66
Studio	9	9	0	9	9
Total	75	75	0	75	75

100% Renewable Goal

Home Forward has been working with a third-party Sustainable Building Consultant to incorporate a Sustainability Scope of Work that includes LED lighting, energy efficient appliances and fixtures, high performance windows, energy recovery ventilation, and a focus on sustainable and durable materials.

Agenda Items

60 Regular Agenda in [January 18-19, 2023 Council Agenda](#)

Passed

Commissioner Carmen Rubio Yea

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Commissioner Dan Ryan Yea

Mayor Ted Wheeler Absent