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191265

Emergency Ordinance

***Authorize new construction financing for an affordable housing project located at 3124-3224 SE 136th Ave to be developed by Innovative Housing, Inc. or affiliate not to exceed \$9,649,712**

Passed

The City of Portland ordains:

Section 1. The Council finds:

1. The Metro Housing Bond ("Metro Bond") Measure 26-199 was approved by voters in the Metro region in 2018 authorizing Metro to distribute the Metro Bond funds to local jurisdictions to fund affordable housing.
2. The Portland Housing Bureau ("PHB") is charged with implementing the housing policies of the City of Portland ("City") under City Council Ordinance No. 184329 including the Local Implementation Strategy for the Metro Bond approved by City Council Ordinance No. 190095 on August 12, 2020.
3. On behalf of the City of Portland, the Portland Housing Bureau (PHB) administers affordable housing programs using resources including Metro Housing Bonds (Metro Bonds) and federal HOME Investment Partnerships Program (HOME) funds, to support the development of affordable housing.
4. In summer of 2018, PHB published a Notice of Funding Availability (NOFA) to invite developers to submit proposals for affordable rental housing projects. PHB issued an award letter to Innovative Housing Alternatives, Inc (IHI) indicating selection of their project to receive HOME funds. This letter was later revised to reflect an increased award of HOME funds and an award of Metro Bonds.
5. IHI and equity investor, Enterprise, have together formed the Garden Park Limited Partnership (Borrower) to acquire the site and improvements located at 3124-3224 SE 136th Avenue in the Powellhurst-Gilbert neighborhood. The site, known as Garden Park Estates, is a 4.13-acre lot with 63 walk-up, garden-style units, which

Introduced by

[Commissioner Carmen Rubio](#)

Bureau

[Housing Bureau](#)

Contact

Danell Norby & Lindsay
Brown

Fall 2022 M-BOS Coordinators

✉ bond.info@portlandoregon.gov

Requested Agenda Type

Regular

Date and Time Information

Requested Council Date

May 3, 2023

Time Requested

15 minutes

- are at the end of their useful lives and are all regulated affordable at 60% AMI until 2033.
6. The rehabilitation plans will improve site use and density and include tearing down and replacing 29 of the existing units, substantially renovating the 34 remaining units, and adding 54 new units for a project total of 117 affordable units. In addition, site conditions will be improved with children's play area, walking paths and repaired sidewalks, outdoor amphitheater, repaired waste and sewer lines, and replacement of all major systems.
 7. The 54 units to be added to the site will enable the site to serve more households of different sizes, and at a deeper affordability level. The new units range in size from studios to three bedrooms, and twenty-five of these units will be affordable to households earning up to 30% of the area median income (AMI).
 8. At project completion, Garden Park Estates will have 92 units affordable to households earning up to 60% area median income (AMI), and 25 units affordable at the 30% AMI level. 103 units will be family-sized, with 2 or 3 bedrooms.
 9. None of the existing residents will be displaced nor permanently relocated. IHI has engaged a local relocation consultant to help with the temporary moves of current residents while their units are being rehabilitated or demolished and replaced. Currently, 11 units on site are vacant due to turnover and being made available for this purpose.
 10. The twenty-five (25) Permanent Supportive Housing (PSH) units in the Project will receive operational funding subsidy provided by Oregon Housing and Community Services (OHCS) totaling up to \$10,000 per unit per year. PSH units are intended to serve the chronically homeless, with referrals from Coordinated Access. All twenty-five (25) of the PSH units will have rental support from OHCS.
 11. 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 HOME requirements and for up to 99 years to comply with additional City and Metro Bond requirements.
 12. The proposed City funding leverages over \$47 million of other public and private financing contributed by Umpqua Bank, Enterprise Housing Credit Investments, and Oregon Housing and Community Services.
 13. On April 6th, 2023, the PHB Housing Investment Committee recommended approval of the use of Metro Bonds and HOME 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 \$9,649,712 to the Borrower or an Innovative Housing Inc. 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
May 3, 2023

Auditor of the City of Portland
Simone Rede

Impact Statement

Purpose of Proposed Legislation and Background Information

- This Ordinance requests City Council approval of financing in an amount up to \$9,649,712 consisting of \$2,239,308 in Metro Housing Bonds and \$7,410,404 in PHB HOME funds from fiscal years 2023-26.
- The purpose of the funding is to enable Innovative Housing, Inc (IHI) to add 54 new units of affordable housing to the existing 63-unit Garden Park development located at 3124-3224 SE 136th Avenue in the Powellhurst-Gilbert neighborhood (the Project). The existing 63 garden-style units will be demolished and rebuilt or rehabilitated; the PHB award will support the 54 new affordable studio, 1, 2, and 3-BR units that will be added during the 28-month construction period.
- Approval of the Ordinance will authorize the 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 costs increases, closing expeditiously and adherence to construction timelines are critical; however, the City's funding will not be increased.

Financial and Budgetary Impacts

- The Metro Housing Bond award of up to \$2,239,308 is from the City of Portland's eligible share of Metro Housing Bond funds totaling \$211,056,579.
- PHB will regulate and monitor the project for a term of 99 years, charging an annual fee over the life of the project to cover compliance monitoring costs. A Program Delivery Fee partially covers the costs of awarding and underwriting the Metro Housing Bond funds.
- The Project has been approved for System Development Charge (SDC) waivers, which collectively total an estimated \$1,552,304 in foregone City revenue.

Community Impacts and Community Involvement

During 2020 and 2021, IHI held five property-wide informational sessions onsite with several dozen households. Some meetings were with IHI staff to update residents about progress and gather information about their concerns and preferences, while others were facilitated by members of the design team to elicit feedback on specific design elements. IHI staff members also hosted informal drop-in sessions where residents could come by and ask questions about the construction phasing and temporary relocation plans. During this period, IHI established a Resident Advisory Council who helps IHI spread information and gather resident concerns. Council members were compensated for their time.

Key insights gained from resident input informed:

- IHI's security scope, which increased to include lighting in excess of code, significant investment in camera systems, and fencing around the property.
- Design elements like adding semi-private decking to recreate the outdoor space that residents currently enjoy at the property.
- Inform parking policy, including ensuring current residents are guaranteed parking at the new Garden Park Estates.
- The design of several flats that are more accessible than the current townhome layout that is predominant at the property.
- Gating to discourage through-traffic on the property (IHI closed one entrance to the public so that surrounding community members would be less likely to cut through the Garden Park parking lot).

In November 2022, IHI sent out Newsletters (translated into multiple languages) updating all residents about the planned construction start date of June 1, 2023. All 5 households moving in phase 1 of construction were contacted for one-on-one conversations about the temporary relocation plan starting in May 2023. These households will be moving onsite to other Garden Park units at IHI's expense for the duration of phase I of construction. Many residents dropped by the holiday open house to look at

plans and ask questions. Residents were offered gift cards as incentive to drop by and participation was high.

Unit Mix and Affordability

Project Overview: New multifamily rental housing construction

Total Units: 54 new units

Permanently Affordable: 54 new units (25 at 30% AMI or under, and 29 at 60% AMI)

New Units Only

Unit Size	Total No. Units	Total @ 30% AMI	Total @ 60% AMI	PSH units
Studio	8	5	3	5
1 BR	6	5	1	5
2 BR	34	13	21	13
3 BR	6	2	4	2
Total	54	25	29	25

Total Units- New and Existing units to be rehabilitated or replaced

Unit Size	Total No. Units	Total @ 30% AMI	Total @ 60% AMI	PSH units
Studio	8	5	3	5
1 BR	6	5	1	5
2 BR	96	13	83	13
3 BR	7	2	5	2
Total	117	25	92	25

100% Renewable Goal

Garden Park Estates 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. Part of the energy needs of the community spaces will be met with rooftop solar panels on Building C.

Budget Office Financial Impact Analysis

This Ordinance requests City Council approval of financing in an amount up to \$9,649,712 consisting of \$2,239,308 in Metro Housing Bonds and \$7,410,404 in PHB HOME funds from FY 2022-23 through FY 2025-26. The Metro Housing Bond award of up to \$2,239,308 is from the City of Portland's eligible share of Metro Housing Bond funds totaling \$211,056,579. PHB will regulate and monitor the project for a term of 99 years, charging an annual fee over the life of the project to cover compliance monitoring costs. A Program Delivery Fee partially covers the costs of awarding and underwriting the Metro Housing Bond funds. The Project has been approved for System Development Charge (SDC) waivers, which collectively total an estimated \$1,552,304 in foregone City revenue.

Agenda Items

352 Regular Agenda in [May 3, 2023 Council Agenda](#)

Passed

Commissioner Dan Ryan Yea

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Mayor Ted Wheeler Yea