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## 191729

Emergency Ordinance

### **\*Authorize acquisition financing to St. Vincent de Paul not to exceed \$3,500,000 to purchase Kelly Butte Manufactured Home Park and regulate affordability at Kelly Butte and Strawberry Acres Manufactured Home Parks**

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 to support neighborhood preservation and affordable homeownership opportunities.
2. In August 2018, the City of Portland updated zoning code and maps to convert zoning for existing manufactured home parks to RMP (Residential Manufactured Dwelling Park), in which the only housing type allowed is manufactured homes. The City's intent was to preserve manufactured homes as a type of naturally occurring affordable homeownership.
3. Prior to the rezoning, in June 2018, AF Hoesly Inc dba PDX Affordable Homes submitted development permit applications to the Bureau of Development Services (BDS) to redevelop both Kelly Butte Manufactured Home Park ("Kelly Butte"), an 11-space park located at 3344 and 3362 SE 112th Avenue Portland, OR 97266, and Strawberry Acres Manufactured Home Park ("Strawberry Acres"), a 24-space park located at 5110, 5122, 5148 & 5200 SE 132<sup>nd</sup> Avenue Portland, OR 97236, as detached single-family homes. Permits are vested under the prior zoning code exempting both sites from RMP zoning restrictions.
4. At the time of permit application both parks were owned by Strawberry Acres LLC ("Strawberry Acres Owner"). In January 2020, PDX Affordable Homes ("Kelly Butte Owner") purchased Kelly Butte Manufactured Home Park for \$3.3 million. In October 2020 the Kelly Butte Owner served tenants at Kelly Butte with a notice to vacate the property within one year.

Introduced by

[Commissioner Carmen Rubio](#)

Bureau

[Housing Bureau](#)

Contact

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Requested Agenda Type

Regular

Date and Time Information

**Requested Council Date**

May 22, 2024

**Time Requested**

30 minutes

5. In 2021 Kelly Butte residents approached the City for help to prevent redevelopment and eviction. In November 2022 the City, Strawberry Acres Owner, and Kelly Butte Owner signed a letter of intent to finance the sale of Kelly Butte by St. Vincent de Paul, a non-profit affordable housing provider ("Borrower"), for \$3.5 million. However, a purchase and sale agreement was not executed by the 120-day deadline.
6. In 2023 after Borrower conducted further due diligence, Kelly Butte was valued at only \$1.2 million in a third-party appraisal.
7. In the fall of 2023, to maximize the utility of public funding and advance the City's mission to preserve affordable housing, the City, Strawberry Acres Owner, Kelly Butte Owner, and Borrower renegotiated the transaction. In addition to the sale of Kelly Butte to Borrower, it includes preservation of Strawberry Acres as a manufactured home park and regulated affordability at both Kelly Butte and Strawberry Acres.
8. On March 15, 2024, the City, Strawberry Acres Owner, Kelly Butte Owner, and Borrower entered into a Purchase and Sale Agreement with terms outlined below.
9. On behalf of the City of Portland, PHB will provide \$3.5 million in City General Funds to Borrower to fund the acquisition of Kelly Butte.
10. The Borrower and PHB will enter into a regulatory agreement to limit future space rentals at Kelly Butte to households at or below 120% AMI for 99 years and to comply with additional City requirements. Current residents of Kelly Butte will not be subject to the income restrictions.
11. The Strawberry Acres Owner and PHB will enter into a regulatory agreement with PHB to limit future space rentals at Strawberry Acres to households at or below 120% AMI for 30 years and to comply with additional City requirements. Current residents of Strawberry Acres will not be subject to the income restrictions.
12. The Kelly Butte Owner and Strawberry Acres Owner will cancel all development permits at the time of Kelly Butte's sale, after which all RMP zoning restrictions will apply.
13. PHB will reimburse \$36,019.46 to the Kelly Butte Owner and \$63,273.20 to the Strawberry Acres Owner for permit fees previously paid to BDS.

NOW, THEREFORE, the Council directs:

- A. The 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 \$3.5 million to the Borrower for the acquisition of Kelly Butte Manufactured Home Park.
- B. The Director of PHB is authorized to approve amendments or modifications to any and all financing and related documents, within the maximum expenditure 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 would prolong the risk of displacement for vulnerable residents at Kelly Butte and Strawberry Acres Manufactured Home Parks; therefore, this Ordinance shall be in full force and effect from and after its passage by the Council.

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 22, 2024

Auditor of the City of Portland

Simone Rede

## Impact Statement

### Purpose of Proposed Legislation and Background Information

- This Ordinance requests City Council approval of up to \$3.5 million in financing to St. Vincent de Paul using City General Funds allocated to the Portland Housing Bureau in Fiscal Year 2021-22.
- The purpose of the financing is to prevent resident displacement and preserve Kelly Butte Manufactured Home Park, an 11-space park located at 3344 and 3362 SE 112th Avenue ("Kelly Butte"), and Strawberry Acres Manufactured Home Park, a 24-space park located at 5110, 5122, 5148 & 5200 SE 132<sup>nd</sup> Avenue ("Strawberry Acres"). The owners of both parks possess active permits allowing the properties to be redeveloped as single-family homes.
- The funds will enable St. Vincent de Paul to purchase Kelly Butte and enter into a regulatory agreement with PHB restricting future space rentals to households at or below 120% AMI for 99 years.
- The owner of Strawberry Acres will also enter into a regulatory agreement with PHB restricting future space rentals to households at or below 120% AMI for 30 years.
- The owners of Kelly Butte and Strawberry Acres agree to cancel the development permits at closing, upon which the properties will be subject to RMP zoning restrictions prohibiting uses other than manufactured dwelling parks.
- Approval of the Ordinance will authorize the Director of the Portland Housing Bureau to execute all funding and related documents needed to advance the purchase of Kelly Butte and regulate space rentals at Kelly Butte and Strawberry Acres.



## Financial and Budgetary Impacts

- The requested amount is from the City General Fund and has already been included in PHB's Fiscal Year 2023-24 budget.
- PHB will regulate and monitor Kelly Butte for a term of 99 years, charging a fee over the life of the project to cover compliance monitoring costs.
- PHB will regulate and monitor Strawberry Acres for a term of 30 years, however no program fees will be charged.

## Community Impacts and Community Involvement

### Community impacts:

- Two manufactured home parks will be permanently preserved, comprising 35 spaces for naturally occurring affordable homeownership.
- All current park tenants will be able to remain in their homes.
- Future rentals of all 35 park spaces will be restricted to households at or below 120% AMI.

### Community involvement:

Kelly Butte residents have strongly advocated to remain in their homes and preserve the property as a manufactured home park since 2020, working with tenants' rights organizers and Legal Aid Services of Oregon. Kelly Butte residents have also been in conversation with the City since 2021, first with Commissioner Ryan's Office and more recently in 2023 with Commissioner Rubio's Office.

In November 2023, PHB and Commissioner Rubio's Office sent a letter to Strawberry Acres residents updating them on the negotiations between the City and the owner of Strawberry Acres and inviting them to a town hall at Gilbert Park Elementary School. Legal Aid Services of Oregon also communicated this information to Kelly Butte residents. A majority of Strawberry Acres and Kelly Butte residents attended the November 2023 townhall. Residents requested expedient action to preserve their homes and prevent displacement. In response to their concerns regarding unit affordability, PHB opted to restrict future resident's income at 120% AMI instead of 100% AMI.

In December 2023 and April 2024 PHB and Commissioner Rubio's Office sent Kelly Butte and Strawberry Acres residents follow-up information regarding the updated deal terms, anticipated timeline, and opportunity to provide Council testimony for this item

## 100% Renewable Goal

Project Overview: Preservation of manufactured home parks

Total Units: 35 spaces

Regulated Affordable: 35 at 120% AMI

Current Unit Sizes	Total No. Units	Kelly Butte (120% AMI)	Strawberry Acres (120% AMI)
3 BR	32	10	22
4 BR	3	1	2
<b>Total</b>	<b>35</b>	<b>11</b>	<b>24</b>

## Budget Office Financial Impact Analysis

The \$3.5 million is included in PHB's FY 2023-24 budget and was originally from the City's General Fund that was allocated to PHB in FY 2021-22. Approval of the ordinance will authorize the Director of the Housing Bureau to execute all funding and related documents needed to advance the purchase of Kelly Butte and regulate space rentals at Kelly Butte and Strawberry Acres. The funds will enable St. Vincent de Paul to purchase Kelly Butte and enter into a regulatory agreement with PHB restricting future space rentals to households at or below 120% AMI for 99 years. The owner of Strawberry Acres will also enter into a regulatory agreement with PHB restricting future space rentals to households at or below 120% AMI for 30 years.

## Agenda Items

418 Regular Agenda in [May 22, 2024 Council Agenda](https://www.portland.gov/council/agenda/2024/5/22)  
(<https://www.portland.gov/council/agenda/2024/5/22>)

Passed

Commissioner Dan Ryan Yea

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Mayor Ted Wheeler Absent