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192018

Emergency Ordinance

***Appropriate grants totaling \$7 million from the U.S Department of Housing and Urban Development for the development of Barbur Apartments affordable housing project**

Passed

The City of Portland ordains.

Section 1. The Council finds:

1. On behalf of the Portland Housing Bureau, Senators Jeff Merkley and Ron Wyden with support of Congresswomen Suzanne Bonamici submitted a federal appropriations request for \$2,000,000 towards the construction of Barbur Apartments. The request was approved in the Consolidated Appropriations Act on March 5, 2024. This Economic Development Initiative Community Project Funding grant in the amount of \$2,000,000 is administered by the U.S. Department of Housing and Urban Development (HUD).
2. HUD notified the City of Portland that it will award Portland Housing Bureau the Economic Development Initiative Community Project Fund grant for Barbur Apartments in the amount of \$2,000,000 on August 28, 2024.
3. The Portland Housing Bureau is also allocating the remaining balance of Community Development Block Grant (CDBG) funds from previous years to complete a land acquisition for the development of Barbur Apartments.
4. The project will consist of three separate buildings totaling 150 units of new construction apartment homes (including one manager's unit). The unit mix includes (47) 1-bedrooms, (82) 2-bedrooms, (16) 3-bedrooms, and (4) 4-bedrooms units. 21% of the units (32) will be affordable to households with incomes under 30% of the area median income supported by Project-Based Section 8 vouchers from Home Forward. 19 units (13%) will be affordable for households with incomes of up to 45% of the area median income. The remaining 98 units will be restricted to individuals and families earning up to 60% of area median income.

NOW, THEREFORE, the Council directs:

Document number

2025-003

Introduced by

[Mayor Keith Wilson](#)

City department

[Housing Bureau](#)

Contact

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Analyst II

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Requested Agenda Type

Regular

Date and Time Information

Requested Council Date

January 15, 2025

Time Requested

10 minutes

A. The FY 2024/2025 budget is hereby amended as follows:

GRANT FUND

Fund: 217

Business Area: HC

Bureau Program Expenses: \$2,000,000

GRANT FUND

Fund: 218

Business Area: HC

Bureau Program Expenses: \$5,000,000

Section 2. The Council declares that an emergency exists because a delay in the City's acceptance of the grant would impair the ability of the Project to meet the closing and construction timelines required by the other funding sources; 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

January 15, 2025

Auditor of the City of Portland

Simone Rede

Impact Statement

Purpose of Proposed Legislation and Background Information

- This ordinance is requesting to increase budget appropriation by \$2,000,000 in Economic Development Initiative Community Project Funding (EDI-CPF) administered by the Department of Housing and Urban Development (HUD). On behalf of the Portland Housing Bureau, Senators Jeff Merkley and Ron Wyden with support of Congresswomen Suzanne Bonamici submitted a federal appropriations request for \$2,000,000 towards the construction of Barbur Apartments. The request was approved in the Consolidated Appropriations Act on March 5, 2024.
- This Ordinance also requests City Council to increase appropriation in the Community Development Block Grant (CDBG) fund by \$5,000,000. The increase comes from FY2021-22 and FY2022-23 CDBG grant balance.
- CDBG Program Objectives: Provide decent housing; Create suitable living environments; Expand economic opportunity.
- The purpose of the financing is to enable Innovative Housing, Inc to construct 149 new units of affordable housing plus one manager's

unit at 8066 SW Capitol Hill, 8090 SW Capitol Hill and 8205 SW 19th Avenue, in the Capitol Hill Neighborhood in SW Portland.

Financial and Budgetary Impacts

- The financing amount requested in this legislation is to be amended and appropriated in the PHB FY 2024-2025 and 2025-2026 Adopted Budgets and the five-year forecast.
- This ordinance will increase budget appropriation by \$2,000,000 in Economic Development Initiative Community Project Funding (EDI-CPF) administered by the Department of Housing and Urban Development (HUD). A new grant agreement will be executed between the City of Portland and HUD for the EDI-CPF funds.
- This ordinance will also increase budget appropriation by \$5,000,000 in Community Development Block Grant (CDBG) funds required to complete the land acquisition transaction. The budget increase appropriates CDBG grant balance from FY2021-22 and FY2022-23.
- The City of Portland will award the EDI-CPF and CDBG funds to Innovative Housing Inc. through a subrecipient agreement, for IHI or an affiliate, to spend on acquisition and construction costs for the development of Barbur Apartments.
- 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.
- The Project will also receive at closing approximately up to \$18,559,384 in Metro Housing Bonds and up to \$4,048,772 in OHCS LIFT funds allocated to Metro Bond-funded projects, inclusive of a PHB Program Delivery Fee of \$1,095,685.
- The Project received a City loan for predevelopment costs; the outstanding principal and interest totaling approximately \$1,000,000 will be repaid to PHB at closing.
- The Project has been approved for System Development Charge (SDC) waivers, which collectively total an estimated \$1,078,659 in forgone City revenue.

Economic and Real Estate Development Impacts

- The Project is not expected to have a negative impact on the cost of doing business or real estate or negatively impact other development projects in Portland. It will have a positive economic impact on housing costs by adding to the City's regulated affordable housing stock.
- Barbur Apartments will create 149 units of new affordable housing (plus one unregulated manager's unit) in the Capitol Hill neighborhood of SW Portland, targeting low-income families.
- 21% of the units (32) will be affordable to households with incomes under 30% of the area median income. 19 units (13%) will be affordable for households with incomes up to 45% of the area median

income. These deeply affordable units are made possible by federal rental assistance vouchers from Home Forward.

- The project helps to meet the demand for affordable family sized units with 68% of the units (102 units) having 2,3, or 4 bedrooms.

Community Impacts and Community Involvement

- Due to the potential infrastructure investments in the SW Corridor including the expansion of light rail, Barbur Apartments is focused on the anti-displacement of the diverse communities of color along the SW Portland Corridor.
- IHI will provide resident services at Barbur Apartments and will partner with the Immigrant and Refugee Community Organization (IRCO) for culturally specific programming. IRCO serves SW Portland and focuses on immigrants and refugees, especially from East and North Africa, many of whom are also members of the Muslim community.
- IHI developed the baseline design of Barbur Apartments based on the SW Corridor Equity Development's Strategy's call to include larger sized bedroom apartments, provide more deeply affordable units at 30% MFI, add more housing for individuals with disabilities, and focus on larger apartment developments (100+ units).
- IHI met with culturally specific organizations, including African Youth & Community Organization (AYCO), HAKI Community Organization (HAKI), and the Immigrant and Refugee Community Organization (IRCO) gathering feedback on the physical design, amenities and programming elements, which has been integrated into the design.
- IHI will strive to meet the equitable contracting goals of PHB and Metro on the Barbur Apartments project, including goals of 30% hard cost, and 20% professional service participation by COBID-certified firms. The development teams will also make a good-faith effort to meet or exceed the subgoals of 14% hard-cost participation by D/M/WBE-certified firms.
- Barbur Apartments will meet PHB's Apprentice and Workforce Diversity requirement that 20% of hours worked by trade on contracts exceeding \$300,000 and job site work hours in excess of 300 hours, be worked by state-registered apprentices. The project team will strive to meet or exceed the aspirational diversity goals of 22% of journey and 22% of apprentice hours worked by BIPOC individuals, and 9% of apprentice and 6% of journey-level hours worked by women.
- Section 8 requirements also apply. The General Contractor and subcontractors will need to prioritize efforts to hire and train Section 3 workers and contract with Section 3 Businesses. Section 3 workers should work at least 25% of all labor hours and targeted Section 3 workers should work at least 5% of all labor hours. The City's procurement office will work with the development team to track Section 3 participation rates.

100% Renewable Goal

The Barbur Apartments project is subject to the PHB Green Building Policy. The development team is pursuing an Earth Advantage certification that fully aligns with PHB's Green Building requirements. The project will also apply for PCEF funds to pursue additional green options, which could feature mini-splits, geothermal, passive house, or other cutting-edge GHG reducing features.

Budgetary Impact Worksheet

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount
217001	HCPG000004	441100	CDHCMFNH00	H30985	HC000187	H30985	2,000,000
217001	HCPG000004	529001	CDHCMFNH00	H30985	HC000187	H30985	2,000,000
218000	HCPG000004	441100	CDHCMNHH00	H30985	HC000182	H30985	5,000,000
218000	HCPG000004	529003	CDHCMNHH00	H30985	HC000182	H30985	5,000,000

Financial and Budget Analysis

The financing amount requested in this legislation is to be amended and appropriated into PHB's FY 2024-25 budget and the bureau's five-year forecast. This ordinance will increase budget appropriation by \$2,000,000 in Economic Development Initiative Community Project Funding (EDI-CPF) administered by the Department of Housing and Urban Development (HUD). A new grant agreement will be executed between the City of Portland and HUD for the EDI-CPF funds. This ordinance will also increase budget appropriation by \$5,000,000 in Community Development Block Grant (CDBG) funds required to complete the land acquisition transaction. The budget increase appropriates CDBG grant balance from FY 2021-22 and FY 2022-23.

The City will award the EDI-CPF and CDBG funds to Innovative Housing Inc. through a subrecipient agreement, for Investment Housing Initiative or an affiliate, to spend on acquisition and construction costs for the development of Barbur Apartments. 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.

The Project will also receive at closing approximately up to \$18,559,384 in Metro Housing Bonds and up to \$4,048,772 in Oregon Housing & Community Services (OHCS) Local Innovation and Fast Track (LIFT) funds allocated to Metro Bond-funded projects, inclusive of a PHB Program Delivery Fee of \$1,095,685.

The Project received a City loan for predevelopment costs; the outstanding principal and interest totaling approximately \$1,000,000 will be repaid to PHB at closing. The Project has also been approved for System Development Charge (SDC) waivers, which collectively total an estimated \$1,078,659 in forgone City revenue.

Document History

Document number: 2025-003

Agenda	Council action
January 15, 2025 Regular Agenda <div>City Council</div>	Passed Aye (12): Avalos, Dunphy, Smith, Kanal, Ryan, Koyama Lane, Morillo, Novick, Clark, Green, Zimmerman, Pirtle-Guiney