

City of Portland, Oregon

**FINANCIAL IMPACT STATEMENT****For Council Action Items**

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Margaret Jonsson		2. Telephone No. 3-2377	3. Bureau/Office/Dept. PHB 157/5
4a. To be filed (date) 4/28/2010	4b. Calendar (Check One) Regular      Consent      4/5ths <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		5. Date Submitted to FPD Budget Analyst: 4/8/2010

**1) Legislation Title:**

\*Authorize Section 108 Guaranteed Loan Pool Funds of \$460,000 from the Department of Housing and Urban Development for the Preservation of Upshur House as affordable housing to be financed through the Portland Housing Preservation Fund. (Ordinance)

**2) Purpose of the Proposed Legislation:**

The City Council adopted Ordinance No. 182302 on October 30, 2008 authorizing the City of Portland, acting through the Bureau of Housing and Community Development, to apply for a federally guaranteed Section 108 revolving loan pool in the amount of \$15 million to create the Portland Housing Preservation Fund. On April 17, 2009 the City of Portland received approval from HUD of the guaranteed Section 108 loan pool in the amount of \$15 million. The City Council adopted Ordinance No. 182873 on June 3, 2009, accepting the \$15 million in funds from HUD and establishing the Portland Housing Preservation Fund. The Ordinance authorized the Commissioner of Public Works to sign all required documents and forms accepting the funds and releasing them to approved housing projects, in order to expedite the release of funds in the Portland Housing Preservation Fund for construction or acquisition and rehabilitation of eligible housing projects. The Ordinance also authorized the Commissioner of Public Works to provide the City's full faith and credit as additional collateral as required by HUD.

The Portland Housing Preservation Fund will be used to finance affordable housing projects that meet citywide housing preservation policy goals. Projects that are unable to support additional debt will be financed using this tool and the City will provide debt service payments using an annual percentage of CDBG funds allocated for affordable rental housing development.

The City of Portland submitted an application to HUD and received approval on March 22, 2010 for a Section 108 loan as part of the Portland Housing Preservation Fund for the preservation of Upshur House in the amount of \$460,000. Funds for this project will be disbursed in FY 2009-10.

**3) Revenue:**

**Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated please identify the source.**

Implementation of the Section 108 Loan Pool will, over the years of 2009 through 2014, add \$15 million in CDBG guaranteed funding to the City. This financing tool allows our community to expand our CDBG activities and impact by providing accessibility to our community for long term flexible debt. The City has previously accepted two Section 108 loans (FY 2008-09 \$830,000 and FY 2009-10 \$1,641,000) for a total use of \$2,471,000 of the \$15 million pool. Through the authorization of the Upshur House loan in the amount of \$460,000, revenue will increase by this amount in the FY 2009-10.

**4) Expense:**

**What are the costs to the City as a result of this legislation? What is the source of funding for the expense?**

This is not a general obligation for the City of Portland, this is a flexible debt alternative to finance high impact projects, and spread much needed capital costs over time. The Section 108 program provides long term capital funds at a reasonable fixed rate. The program offers flexibility in repayment and in structure.

Each project financed using this fund will be underwritten separately and evaluated for project feasibility as well as the project's debt capacity. Financing will be structured in accordance with this evaluation. For projects unable to carry debt, PHB will provide debt service by utilizing a percentage of its future CDBG entitlement funding budgeted for affordable rental development. HUD does require the City to provide it's full faith and credit as additional collateral for the total \$15 million loan pool.

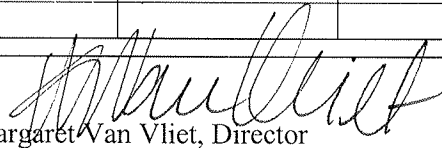
**Staffing Requirements:**

**5) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation?** *NO*

**6) Will positions be created or eliminated in future years as a result of this legislation?** *NO*

Complete the following section only if an amendment to the budget is proposed. *N/A*

**7) Change in Appropriations**

Fund	Center Code	Account	Amount	Project Fund	Project No.
 Margaret Van Vliet, Director					

APPROPRIATION UNIT HEAD (Typed name and signature)