

ORDINANCE No.

*Authorize construction and permanent funding not to exceed \$25 million to Riverplace Phase 2 Housing Limited Partnership, or another BRIDGE Housing Corporation affiliate, for new construction of a 178-unit affordable rental housing project (Ordinance)

The City of Portland ordains:

SECTION 1. The Council finds that:

1. On behalf of the City of Portland, the Portland Housing Bureau (“PHB”) administers affordable housing programs using resources including tax increment proceeds, Metro bonds and federal funds to support the development of affordable housing.
2. As a result of a joint Prosper Portland/PHB public solicitation “Request for Proposals” issued April 9, 2015, BRIDGE Housing Corporation (“BHC”) was awarded development rights for the site, known as Riverplace Parcel 3, with the address of 2095 SW River Parkway for which BHC had proposed a two-phased development with affordable housing in Phase 1 and market rate housing in Phase 2.
3. Under City Council Ordinance 18871 approved December 6, 2017, BHC was awarded \$21,700,000 of PHB’s North Macadam Urban Renewal Area (“NMURA”) tax increment funds for the Phase 1 development on land owned by PHB and leased under a 99-year ground lease to create 203 affordable homes on the West Parcel. Due to changes in economic conditions, the market rate housing for Phase 2 was deemed infeasible and this item seeks approval for BHC to instead construct a minimum 178-unit affordable housing project on the East Parcel under a 99-year ground lease, in a form substantially the same as that authorized by Council for the West Parcel. Phase 1, renamed the Vera Apartments, was completed in 2019.
4. Under City Council Ordinance 190095 approved August 12, 2020, PHB executed an Intergovernmental Agreement (“IGA”) to implement Portland’s Local Implementation Strategy (“LIS”) to satisfy Metro’s Regional Housing Bond (“Metro Bonds”) goals and requirements for the City of Portland. Under the LIS, PHB proposed leveraging a few projects its pipeline that were stalled due to funding gaps. The development of this Phase 2 project is one such project, which will utilize \$1,739,219 in Metro Bond funds.
5. The Phase 2 project will be developed and operated on the East Parcel by RiverPlace Phase 2 Housing Limited Partnership, or another BHC affiliate (the “Borrower”). BHC is a 501(c)3 non-profit organization and one of Portland’s largest affordable housing developers.
6. The Phase 2 project will have 178 residential units including two unregulated, onsite managers units (“Project”). 17 units of the Project will serve households earning up to 30% of the area Median Family Income (“MFI”) of which 12 will not be subsidized by

any rental support. The remaining 159 units will serve households earning up to 60% MFI.

7. The Phase 2 Project will be comprised of 61 studios (516 sf), 67 one-bedrooms (656 sf), 32 two-bedrooms, two of which are manager's units (1,017 sf), and 18 three-bedrooms (1083 sf).
8. The Project will also provide 20 units of Permanent Supportive Housing funded by project-based Veterans Affairs Supportive Housing (VASH) vouchers.
9. The Borrower will enter into a Project regulatory agreement with PHB in accordance with City and Metro policies to meet the affordability requirements described above for a period of 99 years and will allow Metro step in rights, in the event PHB does not enforce the affordability requirements.
10. The Borrower or a BHC affiliate will execute a 99-year ground lease in a form substantially similar to the form of lease approved for the West Parcel.
11. The City funding of \$25,000,000 is necessary to leverage more than \$53 million of other public and private financing needed to fund construction of the Project from sources that include Bank of America, Barings Multifamily Capital, and Oregon Housing and Community Services.
12. On October 1, 2020, PHB Housing Investment Committee recommended that the Director approve City funding and that the City enter into a 99-year ground lease for this Project.

NOW, THEREFORE, the Council directs:

- a. The Director of PHB is hereby authorized to execute any and all financing documents necessary to provide the City funding to implement the construction of an affordable housing project with a minimum of 178 housing units, in an amount not to exceed \$25,000,000 from NMURA and Metro bond funds.
- b. The Director of PHB is hereby authorized to execute a ground lease and any other documents as may be required to lease the East Parcel to the Borrower, 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 development of the Project and affect the budget; therefore, this Ordinance shall be in full force and effective from and after its passage.

Passed by the Council:
Mayor Ted Wheeler
Prepared by: Siobain Beddow
Date Prepared: October 7, 2020

MARY HULL
CABALLERO
Auditor of the City of Portland
By
Deputy

826
 Agenda No.
ORDINANCE NO.
 Title

*Authorize construction and permanent funding not to exceed \$25 million to Riverplace Phase 2 Housing Limited Partnership, or another BRIDGE Housing Corporation affiliate, for new construction of a 178-unit affordable rental housing project (Ordinance)

<p style="text-align: center;">INTRODUCED BY Commissioner/Auditor: Mayor Wheeler</p>	<p>CLERK USE: DATE FILED <u>October 13, 2020</u></p>
<p style="text-align: center;">COMMISSIONER APPROVAL</p> <p>Mayor—Finance & Administration - Wheeler</p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Ryan</p> <p>Position 3/Affairs - Hardesty</p> <p>Position 4/Safety - Eudaly</p>	<p style="text-align: center;">Mustafa Washington <small>Digitally signed by Mustafa Washington Date: 2020.10.13 10:48:10 -0700'</small></p> <p style="text-align: center;">Mary Hull Caballero Auditor of the City of Portland</p> <p style="text-align: center;">Keelan McClymont <small>Digitally signed by Keelan McClymont Date: 2020.10.13 12:18:44 -0700'</small></p> <p>By: _____ Deputy</p> <p>ACTION TAKEN:</p>
<p style="text-align: center;">BUREAU APPROVAL</p> <p>Bureau: Housing</p> <p>DocuSigned by: <i>Shannon Callahan</i> <small>DAB8F65BDAFB4CD...</small></p> <p>Prepared by: Siobain Beddow Date Prepared: 10/21/2020</p>	
<p>Impact Statement</p> <p>Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p>	
<p>City Auditor Office Approval: required for Code Ordinances</p>	
<p>City Attorney Approval: required for contract, code, easement, franchise, charter, Comp Plan</p> <p style="font-size: small;">Wendy Hall, Senior Deputy City Attorney <small>Digitally signed by Wendy Hall, Senior Deputy City Attorney Date: 2020.10.09 15:47:58 -0400'</small></p>	
<p>Council Meeting Date October 21, 2020</p>	

AGENDA
<p>TIME CERTAIN <input checked="" type="checkbox"/></p> <p>Start time: <u>9:45am</u></p> <p>Total amount of time needed: <u>30</u> (for presentation, testimony and discussion)</p>
<p>CONSENT <input type="checkbox"/></p>
<p>REGULAR <input type="checkbox"/></p> <p>Total amount of time needed: _____ (for presentation, testimony and discussion)</p>

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz		
2. Ryan	2. Ryan		
3. Hardesty	3. Hardesty		
4. Eudaly	4. Eudaly		
Wheeler	Wheeler		

IMPACT STATEMENT

Legislation title: *Authorize construction and permanent funding not to exceed \$25 million to Riverplace Phase 2 Housing Limited Partnership, or another BRIDGE Housing Corporation affiliate, for new construction of a 178-unit affordable rental housing project (Ordinance)

Contact name: Siobain Beddow, Housing Portfolio Finance Coordinator, PHB
 Jill Chen, Housing Investments & Portfolio Preservation Manager, PHB
 Molly Rogers, Deputy Director

Contact phone: 503-823-3273

Presenters name: Shannon Callahan, Director, PHB
 Elissa Gertler, Planning and Development Director, Metro
 Aruna Doddapaneni, SVP, BRIDGE, adoddapaneni@bridgehousing.com

Purpose of proposed legislation and background information:

- This Ordinance requests City Council approval of financing in an amount up to \$25,000,000 using North Macadam URA TIF funds from fiscal years 2020-22.
- In addition, Metro will contribute \$1,739,219 in Metro Affordable Housing Bond funds in accordance with an Intergovernmental Agreement between PHB and Metro.
- The funds will allow BRIDGE Housing Development (“BHC”) to construct a new 178-unit affordable housing project on the East Parcel of 2095 SW River Parkway (“Project”).
- The Project will provide 17 housing units rented at or below 30% MFI, an additional 159 rented at or below 60% MFI with 20 of these subsidized with project-based Veterans Administration Supportive Housing (“VASH”) vouchers to fund Permanent Supportive Housing (“PSH”), and two unregulated manager’s units. The Affordability mix is indicated below:

Unit Size	Total No. Units	Affordable Units Regulated at @ 30% AMI		Affordable Units Regulated at @ 60% AMI		Manager Units (not regulated)	VASH Vouchers
		No Rental Subsidy	Subsidized by VASH	No Rental Subsidy	Subsidized by VASH		
Studios	61	12	2	39	8		10
1 BR	67		3	57	7		10
2 BR	32			30		2	
3 BR	18			18			
Total	178	12	5	144	15	2	20

Financial and budgetary impacts:

- PHB is required to regulate and monitor all Affordable rental projects that contain City allocated funding for a minimum of sixty years and PHB regulatory agreements for land sales or under long

term leases as in this case, have a term of 99 years. The ongoing cost of monitoring compliance is anticipated in PHB staffing budgets.

- The financing amount is included in the PHB FY 2020-22 Adopted Budget and is also included in the bureau five-year forecast.
- PHB will receive a from the Project, a program delivery fee in the amount of \$39,219 at close of financing for administration of the Metro Bond funding in this project.
- PHB and Bridge will enter into a ninety-nine year ground lease that will net \$99 in lease revenue at close of financing.
- The Project is applying and qualifies for System Development Charge (“SDC”) and Construction Excise Tax (“CET”) exemptions and building permit waivers, which collectively total an estimated \$2,498,440 in foregone City revenue.

Community impacts and community involvement:

Impact:

- 176 units of affordable housing in downtown, southwest Portland in one of the highest opportunity score neighborhoods with easy access to employment, transportation, and other Portland amenities.
- 20 (or 11%) of the affordable units are targeted to serve homeless or at risk of homeless Veterans.
- 17 (or 10%) of the affordable units will be restricted to households earning 30% AMI or less.
- 48 (or 27%) of the affordable units will be family sized (two and three bedrooms).
- The Project is required to target an equity in contracting goal of 30% for DMWESB-SDV for subcontractors.

Involvement:

The Project was awarded funding and development rights to the site through a joint Prosper Portland/PHB Request for Proposal issued April 9, 2015.

In addition to Design Review presentations, the team has presented to the interested neighborhood groups, including the Downtown Neighborhood Association and Neighbors West-Northwest Coalition on October 10, 2016 and to the Strand Condominium Association on October 24, 2016. BHC also submitted a letter and design updates to these groups in March of 2017. Primary concerns brought up by these groups are around the following issues: neighborhood safety, access to retail, parking, and native landscaping. The team has made efforts to address all of these items in the following ways: maximizing the allowable parking for the retail and office space, focusing on native landscaping and providing a precise planting plan, and becoming part of the neighborhood association.

Because of a change to affordable from market rate housing for Phase 2, Prosper Portland and Developer provided an update to stakeholders and neighbors, including the Strand Homeowners Association and the Portland Downtown Neighborhood Association (PDNA) in July 2020 and solicited feedback. The Developer plans to move forward with construction beginning by early 2021. Stakeholder responses have generally been positive recognizing the importance of affordable housing. Areas of comment included areas for pets, scarcity of trees, drug testing for residents, and that perhaps washers and dryers should be installed in individual units rather than having community laundry facilities.

Unit Mix and Affordability

Total Units	178 – 2 manager’s units unrestricted
No. at or below 30% MFI	17 units: 5 Project based VASH, 12 unsubsidized
No. at or below 60% MFI	159
Total	178 (176 affordable, 2 unregulated manager units)
Population Specific Units	All VASH vouchered units are PSH
PHB Funds	\$25,000,000 in North Macadam URA TIF funds
Other Sources of Funds	\$1,739,219 in Metro Bond funds

100% Renewable Goal:

Project will be certified LEED GOLD and will contribute to the City’s goals to reach 100% energy needs with renewable energy by 2050.

Budgetary Impact Worksheet

Does this action change appropriations?

- YES: Please complete the information below.
- NO: Skip this section