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CITY OF  
**PORTLAND, OREGON**

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PORTLAND HOUSING BUREAU

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Date: October 27, 2014

To: City Council

From: Traci Manning

Re: Fiscal Year 2014-2015  
1st Quarter PHB Housing Investment Committee Report

Per Council Ordinance No. 183836 passed by Council on May 6, 2010, the Portland Housing Bureau is providing you with a report of all approved loan and investment activity which were recommended for approval by our Housing Investment Committee (HIC) and approved by the Director and/or Commissioner.

### **HOUSING INVESTMENT COMMITTEE ACTIVITY**

#### **Housing Investment Committee Activity FY 2014-2015**

During the 1st Quarter of Fiscal Year 2014-2015 HIC recommended the approval of two projects summarized in the table below. The first project is a major project with an investment total of \$12,623,000 to fund the new construction of 155 units. The second project is to fund the rehabilitation of 1 unit as a for-sale development loan for affordable home ownership.

#### **New Construction**

Project	Sponsor/Owner	Loan Type	Funds Source	Units	Amount
The Abigail	Bridge Housing Corporation	Cash Flow	TIF: River District URA	155	\$12,623,000
<b>Total New Construction</b>	<b>1</b>		<b>Total Units/Dollars</b>	<b>155</b>	<b>\$12,623,000</b>

#### **Rehabilitation**

Project	Sponsor/Owner	Loan Type	Funds Source	Units	Amount
Rose CDC Scattered Sites	Rose CDC	For-Sale Development	TIF: Lents URA	1	\$30,000
<b>Total Rehabilitation</b>	<b>1</b>		<b>Total Units/Dollars</b>	<b>1</b>	<b>\$30,000</b>
			<b>Grand Total</b>	<b>156</b>	<b>\$12,653,000</b>

## Multifamily Activity

During the 1st Quarter of Fiscal Year 2014-2015 HIC recommended the approval of one PHB process change related to outstanding balances in the 1404 Account. The 1404 account is a line item created at PDC for the management of "interest" accrued during project construction and/or deferral period. For 7 projects with 1404 Account balances, accrued interest was not re-capitalized but set-aside in a separate account. The current outstanding 1404 Account balances for the 7 projects totals \$575,292.00. Balances in this account do not continue to accrue interest and have been considered by PHB to have a low probability of repayment or collection. HIC recommended the approval to allow Loan Servicing and Asset Management staff to negotiate repayment plans provided that the financial performance of the project can sustain such a payment. For this quarter PHB wrote off \$55,754.00 from the original balance of \$130,754.66 for one project with a 1404 Account balance.

HIC also recommended the approval of a Multiple-Unit Limited Tax Exemption (MULTE) for four projects that later went to City Council.

Project	Sponsor/Owner	Items	Amount
<b>Multifamily</b>			
<ul style="list-style-type: none"> <li>▪ <b>PHB Process Change</b></li> </ul>		<b>1</b>	
<ul style="list-style-type: none"> <li>▫ Accrued Interest Charge-off Process</li> </ul>	Portland Housing Bureau		-\$55,754.00
		<b>Total</b>	<b>-\$55,754.00</b>
<ul style="list-style-type: none"> <li>▪ <b>Tax Exemption</b></li> </ul>		<b>4</b>	
<ul style="list-style-type: none"> <li>▫ The Abigail</li> <li>▫ Riverscape Lot 1</li> <li>▫ Block 67</li> <li>▫ Block 8L</li> </ul>	<ul style="list-style-type: none"> <li>Bridge Housing Corporation</li> <li>Fore Property Company</li> <li>Block 67, LLC</li> <li>Gerding Edlen</li> </ul>		
		<b>Total</b>	
<b>Total Multifamily Items</b>		<b>5</b>	<b>-\$55,754.00</b>

## Single Family Activity

During the 1st Quarter of Fiscal Year 2014-2015 HIC recommended the approval for Interim Blanket Authority to forgive debt on Single Family loans less than \$10,000.00 under certain conditions. For this quarter a total of 7 loans totaling \$33,190.23 were written-off following the approval of this process change.

HIC also recommended the approval of one short settlement resulting in a write-off of \$1676.21.

Project	Request	Items	Amount
<b>Single Family</b>			
▪ <b>PHB Process Change</b>			
▪ Finance & Accounting - Loan Servicing	Interim Blanket Authority to Forgive Debt less than \$10,000.00		<b>-\$33,190.23</b>
	<b>Total</b>	<b>1</b>	
▪ <b>Short Sale</b>			
▪ Single Family Loan - Lents Neighborhood	Approve short sale settlement		<b>-\$1,676.21</b>
	<b>Total</b>	<b>1</b>	
<b>Total Single Family Items</b>		<b>2</b>	<b>-\$34,866.44</b>

## Guideline Exceptions

During the 1st Quarter of Fiscal Year 2014 -2015 recommended the approval of four items that required exceptions to PHB's Housing Development Loan Manual guidelines. The exceptions are summarized in the table below.

Project	Exceptions to Guidelines
Finance & Accounting - Loan Servicing	Quarterly reports of charge-off activity to be submitted to HIC on the last HIC meeting of the quarter in order to be included in the City Council quarterly reports. Single family loans only.
Single Family Loan - Lents Neighborhood	Home Repair guidelines have a maximum combined loan to value (CLTV) of 100%, borrower will need to go to 126% CLTV.
Single Family Loan - Lents Neighborhood	PHB is not obtaining full payoff.
The Abigail	Please see footnote.
<b>Total Guideline Exceptions</b>	<b>4</b>

### Footnote - Abigail Guideline Exceptions

Walsh Construction will not be required to provide a performance/payment bond. The holdback until conversion and completion of the cost savings exercise will be 1.5% rather than a holdback of 5%. PHB's construction loan term will be 3 months longer than standard. The debt coverage ratio in early years is below the preferred PHB standard of 1.25. The cost savings split of 50% of soft costs applies to affordable units only.