



CITY OF
PORTLAND, OREGON
PORTLAND HOUSING BUREAU

Dan Saltzman, Commissioner

Kurt Creager, Director

421 SW 6th Avenue, Suite 500

Portland OR 97204

Date: February 9, 2016
To: City Council
From: Javier Mena – PHB Assistant Director
Re: Fiscal Year 2015-2016
2nd 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 2015-2016

During the 2nd Quarter of Fiscal Year 2015-2016, HIC recommended the approval three projects, summarized in the table below. Hawthorne East is the final project in Portland's "11 x 13" preservation campaign and PHB funds in this transaction are providing long-term financing, an equity investment to the LIHTC for acquisition and renovation and include a new 20-year rent assistance contract from HUD. PHB has provided predevelopment TIF funds for the Grant Warehouse and New Meadows projects.

New Construction

Project	Sponsor/Owner	Loan Type	Funds Source	Units	Amount
Hawthorne East	NWHA	Acquisition/Rehab	CDBG	71	\$1,250,000
Grant Warehouse	PCRI	Predevelopment	TIF: Interstate URA	N/A	\$850,000
New Meadows	Bridge Meadows	Predevelopment	TIF: Interstate URA	N/A	\$194,161
Total New Construction		3	Total Units/Dollars	71	\$2,294,161

Multifamily Activity

During the 2nd Quarter of Fiscal Year 2015-2016 HIC recommended the approval of multiple multifamily items detailed in the table below.

Project	Request	Items	Amount
Multifamily			
<ul style="list-style-type: none"> ▪ Amendments <ul style="list-style-type: none"> ○ Maggie Gibson ○ The Rose Apartments ○ Gilman Court AKA Glisan Commons ○ Kateri Park ○ N/NE Scattered Sites 	<ul style="list-style-type: none"> Extend construction period to complete rehabilitation of the Maggie Gibson. Approve amendment to regulatory agreement and revised Operating Pro Forma Amend cost savings to allow for \$101K reduction in deferred development fee. Amend cash flow terms to allow resident service expenses to come before cash flow split with a limit of \$25K annually for resident services. Due to escalating construction costs this request amends prior 7/16/15 funding approval by lowering the number of units developed from 8 to 6, and lowering the City's funding from \$1,500,000 to \$1,486,254. 	5	N/A
<ul style="list-style-type: none"> ▪ Assumption/Transfer <ul style="list-style-type: none"> ○ Sequoia Court 	<ul style="list-style-type: none"> Approve minor amendment in loan documents, and consent to dissolution of the limited partnership upon the exit of limited partner, and the assumption of loan documents by HomeForward. 	1	N/A

<ul style="list-style-type: none"> ▪ Tax Exemptions 		4	N/A
<ul style="list-style-type: none"> ○ SE 9th & Belmont Apartments 	Approval of ten-year property tax exemption for the residential portions of the project, including associated residential parking, under the MULTE Program. This project will have 20 of the 100 units restricted at 80% MFI.		
<ul style="list-style-type: none"> ○ North Hollow Apartments 	Approval of ten-year property tax exemption for the residential portions of the project, including associated residential parking, under the MULTE Program. This project will have 30 of the 152 units restricted at 80% MFI.		
<ul style="list-style-type: none"> ○ Mississippi Avenue Apartments 	Approval of ten-year property tax exemption for the residential portions of the project, including associated residential parking, under the MULTE Program. This project will have 24 of the 121 units restricted at 80% MFI.		
<ul style="list-style-type: none"> ○ Vancouver Avenue Apartments 	Approval of ten-year property tax exemption for the residential portions of the project, including associated residential parking, under the MULTE Program. This project will have 27 of the 136 units restricted at 60% MFI.		
<ul style="list-style-type: none"> ▪ Write-Off 		1	\$507,155.45
<ul style="list-style-type: none"> ○ King/Parks 	Forgive and write-off pre-development loan #38559-08 and #107230-12 associated with the former King/Parks project and authorize PHB's Director to enter into the settlement agreement and mutual release of claims related to the loans and the project.		
<ul style="list-style-type: none"> ○ Total Multifamily items 		1	\$507,155.45
		11	\$507,155.45

Single Family Activity

During the 2nd Quarter of Fiscal Year 2015-2016 there were no single family items approved by the HIC.

Guideline Exceptions

During the 2nd Quarter of Fiscal Year 2015-2016 HIC recommended the approval of three items that required exceptions to PHB's Housing Development Loan Manual guidelines. The exceptions are summarized in the table below.

Project	Exceptions to Guidelines
Gilman Court AKA Glisan Commons	Walsh Construction will not be required to provide a performance/payment bond. The holdback until conversion and completion of the cost savings exercise will 1.5% rather than a holdback of 5%. PHB's construction loan term will be three-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.
Hawthorne East Apartments	Initial debt service coverage ratio is 1.2 under the PHB recommended first year ratio of 1.25
N/NE Scattered Sites	The priority payment for PCRI's conditional sponsor loan is an exception to the Priority Payment Guidelines; the reversion of cost savings to repay any remaining PCRI conditional sponsor loan at completion is an exception to the cost savings guidelines; and year 20 debt service coverage ratio test of 1.15 is not met.
Sequoia Court	The combined management, administration, marketing, and asset management fee line items amount to 41% of the project's operating expenses. This is slightly above PHB's maximum standard of 40%. Debt service coverage ratio in year 15 is under the PHB standard.
Total Guideline Exceptions	4