

METRO HOUSING BOND QUARTERLY REPORT | JULY – SEPTEMBER 2022

October 13, 2022

This is the third quarterly progress report for the Metro Affordable Housing Bond of 2022. Similar reports are produced quarterly with the goal of keeping the Housing Bond Community Oversight Committee, Metro Council, and other stakeholders and partners informed about ongoing implementation progress. A more detailed report will be provided annually for each calendar year, following submission of local progress reports by each participating implementation jurisdiction.

REGIONAL PRODUCTION PROGRESS

As of the end of September 2022, the Affordable Housing Bond program has 34 projects representing 3,244 new affordable homes in the pipeline, including fourteen projects (1,315 units) that are in pre-construction. Twenty-five projects have received final approval, of which thirteen (1,418 units) are under construction, and seven projects (511 units) have completed construction and are accepting residents. Collectively, the 34 projects in the pipeline represent 3,244 new affordable homes, or 83% of the total production target for the Housing Bond, while utilizing approximately 56% of allocated project funding. Of these homes, 1,678 will have two or more bedrooms, representing 86% of the program's production goal of 1,950 family-sized homes; and 1,243 will be affordable to households with incomes at or below 30% of area median income (AMI), representing 77% of the program's production goal of 1,600 deeply affordable homes.

Production and funding dashboard



REGIONAL PRODUCTION PROGRESS

	Eligible units	30% AMI units	2+ BR units	PSH units
Total units in pipeline	3,244	1,243	1,678	595
Total unit production targets	3,900	1,600	1,950	N/A
% of unit progress underway	83.2%	77.7%	86.1%	N/A
Total funding committed or underway	\$359,328,873			
% of funding committed	56.8%			
Total funding remaining	\$273,277,423			

LOCAL PRODUCTION PROGRESS

Portland

Name	Metro Bond Funds	Status	Eligible units	30% AMI units	2+ BR units	PSH units	Construction Start	Anticipated Completion
Hattie Redmond	\$4,411,737	Construction	60	60	0	60	Oct-2021	Nov-2022
Dekum Court*	see Home Forward	Pre-construction	147	61	78	0	Apr-2022	Jan-2025
Findley Commons	\$1,945,175	Complete	35	0	0	35	Oct-2020	Dec-2021
Waterleaf	\$1,739,219	Construction	176	17	48	20	Dec-2020	Nov-2022
74th and Glisan	\$19,972,884	Pre-construction	137	56	63	41	Feb-2023	May-2024
5020 N Interstate	\$9,363,137	Pre-construction	63	18	48	0	Jul-2022	Jan-2024
Albina One	\$13,572,107	Pre-construction	94	32	54	0	Mar-2023	Feb-2025
Meridian Gardens	\$12,435,416	Pre-construction	85	70	0	65	Feb-2023	Feb-2024
Hollywood Hub	\$29,084,328	Pre-construction	199	69	129	0	Nov-2023	May-2025
PCC Killingsworth	\$2,538,237	Pre-construction	84	28	60	0	Jun-2023	Aug-2024
Tistilal Village	\$3,511,176	Pre-construction	24	24	22	16	Jan-2023	May-2024
Powellhurst Place	\$4,091,048	Pre-construction	64	12	45	0	Sep-2022	Nov-2023
Total units in pipeline			1,168	447	547	237		
Total unit production targets			1,475	605	737	300		
% of commitment complete			79.1%	73.8%	74.2%	79%		
Total committed or underway			\$102,518,165					
Total LIS funding			\$197,490,792					
% of funding committed			56.6%					
Remaining LIS funding			\$94,972,627					

*Home Forward is the developer of Dekum Court, but the units will count toward Portland's production goals. Dekum Court's funding was allocated directly to Home Forward, based on an agreement between Portland, Home Forward, and Metro prior to the execution of IGAs allocating funds, and as part of Metro's early commitment of funding to four "Phase I projects" (also including Viewfinder, Mary Ann, and Tukwila Springs).

Washington County

Name	Metro Bond Funds	Status	Eligible Units	30% AMI units	2+ BR units	PSH units	Construction Start	Anticipated Completion
Aloha Family Housing	\$10,230,000	Construction	81	33	50	0	Apr-2022	Apr-2023
Aloha Quality Inn	\$9,283,000	Construction	54	54	0	54	Dec-2021	Aug-2022
Plambeck Gardens	\$14,320,000	Pre-construction	116	47	60	8	Mar-2023	Jun-2024
Goldcrest	\$12,000,000	Pre-construction	74	14	45	0	Sep-2022	Mar-2024
Plaza Los Amigos	\$13,670,523	Construction	113	26	73	16	Jul-2022	Sep-2023
Saltzman Road	\$5,400,000	Pre-construction	54	28	9	24	Jun-2022	Aug-2023
Terrace Glen	\$17,484,000	Construction	144	51	73	3	Nov-2021	May-2023
The Valfre at Avenida 26	\$3,792,088	Construction	36	8	30	8	Jul-2021	Sep-2022
Tigard Senior	\$6,270,000	Construction	57	23	0	23	Jul-2022	Sep-2023
Viewfinder	\$11,583,000	Complete	81	34	56	27	Jun-2020	Dec-2021
Total units in pipeline			810	318	396	163		
Total unit production targets			814	334	407	100		
% of commitment complete			99.5%	95.2%	97.2%	N/A		
Total committed or underway			\$104,032,611					
Total LIS funding			\$118,135,532					
% of funding committed			88%					
Remaining LIS funding			\$14,102,921					

Clackamas County

Name	Metro Bond Funds	Status	Eligible units	30% AMI units	2+ BR units	PSH units	Construction Start	Anticipated Completion
Fuller Road Station	\$8,570,000	Complete	99	25	82	25	Apr-2021	Sep-2022
Good Shepherd Village	\$18,330,000	Construction	142	58	79	35	Mar-2022	Aug-2023
Maple Apartments	\$15,903,000	Construction	171	70	129	9	May-2022	Dec-2023
Tukwila Springs	\$5,548,542	Complete	48	48	0	48	Jun-2021	Jun-2022
Marylhurst	\$3,000,000	Construction	100	40	83	40	Sep-2022	Jan-2024
Total units in pipeline			560	241	373	157		
Total unit production targets			812	333	406	0		
% of commitment complete			68.9%	72.3%	91.8%	N/A		
Total committed or underway			\$51,351,542					
Total LIS funding								
% of funding committed								
Remaining LIS funding								

Hillsboro

Name	Metro Bond Funds	Status	Eligible units	30% AMI units	2+ BR units	PSH units	Construction Start	Anticipated Completion
Nueva Esperanza	\$16,940,731	Construction	149	60	105	8	Mar-2022	Oct-2023
Total units in pipeline			149	60	105	8		
Total unit production targets			284	117	142	0		
% of commitment complete			52.4%	51.2%	74%	N/A		
Total committed or underway			\$16,940,731					
Total LIS funding			\$41,240,081					
% of funding committed			41%					
Remaining LIS funding			\$24,299,350					

Gresham

Name	Metro Bond Funds	Status	Eligible units	30% AMI units	2+ BR units	PSH units	Construction Start	Anticipated Completion
Albertina Kerr	\$11,281,922.42	Complete	147	30	31	30	Jan-2021	Jun-2022
Rockwood Village	\$5,237,813.69	Complete	47	47	39	0	Jan-2020	Apr-2022
Total units in pipeline			194	77	70	30		
Total unit production targets			187	77	93	0		
% of commitment complete			104%	100%	75%	N/A		
Total committed or underway			\$16,530,261					
Total LIS funding			\$27,140,995					
% of funding committed			61%					
Remaining LIS funding			\$10,610,734					

Beaverton

Name	Metro Bond Funds	Status	Eligible units	30% AMI units	2+ BR units	PSH units	Construction Start	Anticipated Completion
Mary Ann	\$3,000,000	Complete	54	11	29	0	Jun-2020	Sep-2021
Elmonica	\$11,900,000	Pre-construction	80	33	32	0	Jan-2023	Dec-2024
Scholls Ferry Road	\$9,000,000	Construction	135	17	79	0	Jun-2022	Jan-2024
Total units in pipeline			269	61	140	0		
Total unit production targets			218	89	109	N/A		
% of commitment complete			100%	68.5%	100%	N/A		
Total committed or underway			\$23,900,000					
Total LIS funding			\$31,587,595					
% of funding committed			75.6%					
Remaining LIS funding			\$7,687,595					

Home Forward (East Multnomah County)

Name	Metro Bond Funds	Status	Eligible units	30% AMI units	2+ BR units	PSH units	Construction Start	Anticipated Completion
Troutdale Apartments	\$15,213,585	Pre-construction	94	39	47	0	Apr-2023	Oct-2024
Dekum Court (PHB)*	\$21,034,083	Pre-construction	Counts toward PHB's unit production goals				Apr-2022	Jan-2025
Total units in pipeline			94	39	47	0		
Total unit production targets			111	46	55	0		
% of commitment complete			84.6%	84.7%	85.4%	N/A		
Total committed or underway			\$36,247,668					
Total LIS funding			\$37,141,206					
% of funding committed			97.5%					
Remaining LIS funding			\$893,538					

*Home Forward is the developer of Dekum Court, but the units will count toward Portland's production goals. Dekum Court's funding was allocated directly to Home Forward, based on an agreement between Portland, Home Forward, and Metro prior to the execution of IGAs allocating funds, and as part of Metro's early commitment of funding to four "Phase I projects" (also including Viewfinder, Mary Ann, and Tukwila Springs).

PROJECT ENDORSEMENTS AND FINAL APPROVALS

The following projects were endorsed or approved during the third quarter of 2022.

Project	Endorsement/Approval
5020 N Interstate	Final Approval
Powellhurst Place	Final Approval

METRO AFFORDABLE HOUSING BOND

Financial Report Through September 2022

FINANCIAL SUMMARY

TOTAL REVENUE	\$686,388,135
TOTAL EXPENSES and DISBURSEMENTS	\$250,169,125
TOTAL COMMITTED	\$122,640,180
TOTAL FUNDING REMAINING	\$313,578,830

REVENUE

	FY 2018 - 2022	FY 2022 - 2023	TOTAL REVENUE
Bond Proceeds	\$652,800,000		\$652,800,000
Premiums on Bonds	\$2,630,335		\$2,630,335
Interest Earnings	\$29,965,748	\$992,052	\$30,957,800
TOTAL REVENUE:	\$685,396,083	\$992,052	\$686,388,135

<--- \$8,003,000 of this additional revenue ("Premiums on Bonds" and "Interest Earnings") has been allocated to fund A/C cooling systems.

EXPENSES

PROJECTS	Prior Years Expended or Disbursed	FY2022-23 Expended or Disbursed	Committed -- Not Yet Disbursed	TOTAL EXPENDED, DISBURSED or COMMITTED	WORK PLAN FUNDING (Amended)	% of Work Plan Funding Expended, Disbursed or Committed
Jurisdiction:						
Beaverton	\$12,000,000	\$0	\$11,900,000	\$23,900,000	\$31,587,595	75.66%
Clackamas County	\$48,351,542	\$3,000,000	\$0	\$51,351,542	\$117,854,094	43.57%
Gresham	\$16,341,505	\$96,309	\$92,447	\$16,530,261	\$27,140,995	60.91%
Hillsboro	\$16,940,731	\$0	\$0	\$16,940,731	\$41,240,081	41.08%
Home Forward (East Multnomah Co.)	\$21,034,083	\$0	\$15,213,585	\$36,247,668	\$37,141,206	97.59%
Portland	\$8,096,131	\$13,307,886	\$81,114,148	\$102,518,165	\$197,490,792	51.91%
Washington County	\$76,894,611	\$12,818,000	\$14,320,000	\$104,032,611	\$118,135,532	88.06%
Metro Site Acquisition Program	\$7,656,656	\$64,213	\$0	\$7,720,869	\$62,016,000	12.45%
Other Metro Direct Project Costs	\$71,131	\$15,895	\$0	\$87,026	\$0	N/A
TOTAL:	\$207,386,390	\$29,302,303	\$122,640,180	\$359,328,873	\$ 632,606,296	56.80%

ADMINISTRATIVE	Prior Years Expended or Disbursed	FY2022-23 Expended or Disbursed	TOTAL EXPENDED or DISBURSED	WORK PLAN FUNDING (Amended)	% of Work Plan Funding Expended or Disbursed
Jurisdiction:					
Beaverton	\$454,134	\$0	\$454,134	\$655,591	69.27%
Clackamas County	\$1,467,639	\$244,607	\$1,712,246	\$2,446,065	70.00%
Gresham	\$309,817	\$0	\$309,817	\$563,305	55.00%
Hillsboro	\$513,564	\$171,188	\$684,752	\$855,939	80.00%
Home Forward (East Multnomah Co.)	\$334,297	\$0	\$334,297	\$334,297	100.00%
Portland*	\$0	\$0	\$0	\$0	N/A
Washington County	\$1,414,140	\$0	\$1,414,140	\$2,451,906	57.68%
Metro Site Acquisition Program**	\$0	\$0	\$0	\$1,305,600	N/A
Metro Accountability and Financial Transaction Costs	\$7,740,373	\$830,673	\$8,571,046	\$13,056,000	65.65%
Reserved for Future Allocations				\$6,528,000	0.00%
TOTAL:	\$12,233,964	\$1,246,468	\$13,480,432	\$28,196,704	47.81%

* PHB uses a Project Delivery Fee, not paid for by Metro's Affordable Housing Bond, to reimburse their administrative expenses.

** Metro's Finance and Regulatory Services has determined that the direct costs of Metro's Site Acquisition Program are considered Project expenses. Administrative expenses in support of Metro's Site Acquisition Program are combined with Metro's total Administrative expenses and included in "Metro Accountability and Financial Transaction Costs."

Metro Affordable Housing Bond Program

Final Approval

Project Name: 5020 N. Interstate
Implementing Jurisdiction: Portland Housing Bureau
Metro IGA Contract Number: 937016
Date of Concept Endorsement: November 16, 2021
Anticipated construction start: July 2022
Anticipated construction completion: December 2023

Action:

Metro hereby provides Portland Housing Bureau with Final Approval of \$9,216,838.00 in Metro Affordable Housing Bond funds for the development of 5020 N. Interstate, a regulated affordable housing project located at 5020 N. Interstate Avenue, Portland. Metro staff findings are attached in Exhibit A, and a more detailed description of the Project, as provided by the Portland Housing Bureau, is attached as Exhibit B.

This Final Approval is based upon the information contained in the final approval request provided to Metro by Portland Housing Bureau, including Project cost proformas and statements of sources and uses of funding needed to generate a Project with the following unit mix:

Number of Units	Number of Bedrooms	AMI Level	Project Based Vouchers
4	One-bedroom	30%	0
11	One-bedroom	60%	0
6	Two-bedroom	30%	0
17	Two-bedroom	60%	0
7	Three-bedroom	30%	0
18	Three-bedroom	30%	0

Changes to the information contained in the final approval request provided by the Portland Housing Bureau could result in reevaluation of the Project's need for Metro Affordable Housing Bond Funds and changes to the staff findings and funding allocation to the Project before funding disbursement. Disbursement of funds for the Project will be processed in accordance with the terms and conditions set forth in the Affordable Housing Bond Measure Program Intergovernmental Agreement between Metro and the Portland Housing Bureau, and will occur within 10 days of Metro's receipt of the following items: a draft regulatory agreement meeting IGA requirements, a final sources and uses budget, a construction contract schedule of values, and an invoice from the Portland Housing Bureau including wiring or other instructions related to transfer of funds.



Marissa Madrigal
Chief Operating Officer

7/5/2022

Date

Exhibit A: Metro staff findings and recommendations | Metro bond funding final approval for 5020 N. Interstate



Drafted by: Alison Wicks, Senior Housing Program Coordinator and
Jimmy Oporta, Housing Program Analyst
Date: June 28, 2022

Criteria for funding approval

Metro will issue Final Approval to the local implementation partner (LIP) upon Metro's determination that (a) the proposed Project reasonably contributes to the Unit Production Targets relative to the amount of the Eligible Share proposed to be used for the Project; and (b) the Project is consistent with the Local Implementation Strategy (LIS), the Work Plan, and the Bond Measure.

Staff recommendations

Staff recommends the Metro Chief Operating Officer (COO) provide Final Approval of funding for 5020 N. Interstate. Findings from Metro's staff review are summarized below. Additional information about the project can be found in Exhibit B, the project narrative submitted by the Portland Housing Bureau.

Changes since concept approval

The project has undergone some changes since concept endorsement. The total project cost has increased \$1.9 million (6%) since concept endorsement. These increases are offset by an increase in anticipated 4% LIHTC equity and the permanent loan. The project has reduced the request Metro bond funds from \$9,363,137 to \$9,216,838 due to the loss of one unit. Changes or updates to information previously provided during the concept endorsement phase include:

- Project unit count reduced by one 1-bedroom unit at 30% AMI to accommodate space for resident service delivery on the ground floor. Total unit count reduced from 64 to 63.
- Project costs increased \$1.9 million from \$31.5 million to \$33.4 million:
 - Construction costs increased \$1.2 million and development costs increased \$700,000. Construction costs increased primarily due to commodities escalation and general labor shortages and development costs increased due to increased fees and contingencies.
- Net increase of funding sources include \$800,000 increase in 4% LIHTC equity, \$1.2M increase in permanent loan. Metro TOD grant of \$215,000 was added to the project sources and the project did not receive the OHCS Multifamily Energy Program grant of \$150,000 it had originally included.
- Net cash developer fee of 8.5%, decreased from 9.6% and is within the Metro Developer Fee Guidelines of 6% - 10% for projects between 31-75 units.
- Construction start date changed from June 2022 to July 2022.

Contribution to unit production targets

5020 N. Interstate will utilize 4.4% of Portland Housing Bureau's total allocation of bond funds (\$9,216,838.00) while delivering 63 units that meet the following unit production outcomes:

- 4.3% of Portland Housing Bureau's overall unit production target;
- 2.8% of Portland Housing Bureau's target of units affordable to households making 30% or less of area median income (AMI); and
- 6.5% of Portland Housing Bureau's family sized unit target.

When combining this project with Portland Housing Bureau's existing development portfolio, this puts the city on a path to have utilized 50.4% of total allocation of bond funds while delivering on the following cumulative unit production outcomes:

- 74.8% of Portland Housing Bureau's overall unit production target;
- 71.7% of Portland Housing Bureau's target of units affordable to households making 30% or less of area median income (AMI); and
- 68.1% of Portland Housing Bureau's family sized unit target.

Readiness to proceed

Portland Housing Bureau has submitted and Metro staff has reviewed and evaluated submitted materials for evidence of project feasibility and readiness to proceed. These include:

- An updated project pro forma dated 4/20/2022
- OHCS Affirmative Fair Housing Marketing Plan
- Residents Service Plan dated 6/28/2021
- Letters of Intent by Portland Housing Bureau, Key Bank, Citi Community Capital, R4 Capital LLC, Metro TOD program
- Conformance set dated 2/7/2020
- Phase II Environmental Site Assessment (ESA) dated 2/18/2020
- Land appraisal dated 6/10/2022

Staff have not identified any major risks to project feasibility but will continue to request updates from the Portland Housing Bureau regarding how work is proceeding.

Advancing racial equity

Metro staff have reviewed final project materials to confirm consistency with the racial equity elements of the Portland Housing Bureau's approved LIS. Key findings include:

- **Location:** The 5020 N. Interstate site is located in Overlook, one of the North and Northeast Portland neighborhoods that comprise Albina, the center of Portland's African American community. Over the last few decades, gentrification and eminent domain have resulted in the mass displacement of Black residents from Albina. There are a range of grocery stores in proximity, including a Fred Meyer, New Seasons and independently owned Cherry Sprout. Immediately south of the project is Providence Medical Group and Kaiser Permanente's medical campus. A 4-minute walk north from the project is Patton Square City Park, and two other parks are a 15-minute walk away.
- **Transit access:** The project is equidistant (0.3 miles) from two MAX stations and from the number 72 bus route line, which terminates in Clackamas Town Center. The number 4 bus route is 0.4 to the east, terminating in Downtown Portland.
- **Diversity in contracting/hiring:** LCM Construction and ALMAR Contracting will be partners on this project. ALMAR Contracting is a local minority-owned construction company. LCM Construction and ALMAR Contracting have committed to 40% participation by COBID-certified or DMWESB certified trade and business partners and aim to achieve 50% or more. This exceeds the PHB goal of at least 30% on hard cost and 20% participation on soft costs on the development from COBID-certified DMWESB-SDVs. Project will be tracking workforce participation of apprentices, people of color and women. Aspirational goals for contracts over

\$300k: Apprentices (20%), Apprentice POC (22%), Apprentice Women (9%), Journey-level POC (22%) and Journey-level Women (6%).

- **Access for historically marginalized communities:** By targeting the units to serve Black families, Community Development Partners (CDP) and Self Enhancement, Inc. (SEI) aim to reconnect historically displaced communities to the gentrified Albina area. The project will implement the City of Portland's N/NE policy, which gives priority access to displaced or longtime residents of N/NE Portland. Efforts will be taken to ensure tenant screening practices are low barrier, including reducing the limit on when felonies have occurred to 3 years and lowering the income to rent ratio to 2x monthly rent.
- **Culturally responsive and appropriate services:** Resident services will be provided by SEI, Inc. with the assistance of a Resident Services Coordinator (RSC) who will work part-time at the property to help residents navigate social services and provide referrals to community resources. The RSC will also host community building events for residents and Alberta Abbey, the non-profit community arts center near the project. Some of the site-specific services will include parenting classes, parent-child development services, Multnomah Stability Initiative (MSI) for families with children under the age of 18 and the Community Works project, a collaborative project between SEI, IRCO, Human Solutions, NAYA, Urban League of Portland and El Programa Hispano. The project does not have a PSH commitment.

Community engagement to inform project implementation

Metro staff have reviewed the updated narrative to confirm consistency with the community engagement elements of Portland Housing Bureau's approved Local Implementation Strategy (LIS). Key findings include:

Strategies for ensuring ongoing engagement around project implementation reaches communities of color and other historically marginalized community members:

CDP and SEI met with PHB's N/NE oversight committee in early 2022 to provide an overview of the project and solutions to resident services. The N/NE oversight committee includes 9 members representing community based organizations, residents and stakeholders from the N/NE Portland community. The project's target population is individuals and families with histories of displacement or generational ties to N/NE Portland. SEI has been selected as the resident services provider for the project and helped convene community engagement for the project. The majority of community members served by SEI are African American or from other communities of color. Over 75% of SEI staff are African American and people of color comprise over 89% of the staff. To further engagement in 2021, SEI established a 15-member parent council comprising of representatives from programs SEI operates across five school districts and multiple low-income neighborhoods, including N/NE Portland and outer eastside regions.

Strategy for ensuring community engagement to shape project outcomes to support the success of future residents:

Feedback from the parent council helped orient a resident services space on the ground floor that ensures privacy for residents accessing services. As part of ongoing engagement, SEI service delivery coordinators receive updates on community engagement initiatives at all-staff meetings, which are held twice a month.

In addition, the following changes to project design were received from community engagement feedback:

- Retaining all of the 2-BR and 3-BR family units in the building plan
- Removing one ground-floor 1-BR unit to accommodate resident service delivery space on-site
- A small community garden and natural children's play structure to better serve resident families.
- Increased access to culturally specific expertise and staff who resemble the community, in order to understand the community's needs and values
- Increased access to high-quality, culturally responsive and welcoming wraparound supportive services for residents that support education, workforce development and increases access to housing and energy assistance

Sustainability and climate resilience

5020 N. Interstate is currently tracking for Earth Advantage Gold certification with features that include a reflective roof to reduce heat, enhanced insulation, double-paned windows, efficient mechanical and lighting systems, Energy Star appliances, a tight building envelope, and low-irrigation landscaping. Consistent with PHB's statement on Air Conditioning Requirement (August 13, 2021) and Metro's Policy Statement on Air Conditioning (September 14, 2021), the project will provide in-unit air conditioning to every unit via mini-split HVAC units.

EXHIBIT B: Project summary submitted by Portland Housing Bureau | Metro bond concept endorsement for 5020 N. Interstate

Submitted by: Danell Norby, Housing Portfolio Finance Coordinator
Portland Housing Bureau, danell.norby@portlandoregon.gov
Submitted on: April 26, 2022; revised June 3, 2022

Project Overview

The Portland Housing Bureau (PHB) is requesting Metro final approval to award up to \$9,216,838 in Metro Bond funds to Community Development Partners (CDP) and Self Enhancement, Inc. (SEI) for the 5020 N. Interstate project, a new construction project consisting of 63 units of family-focused housing at 5020 N. Interstate Avenue in North Portland's Overlook neighborhood in the Interstate Corridor Urban Renewal Area. CDP and SEI have partnered as co-owners/developers and SEI will provide onsite resident services. The project is subject to PHB's N/NE Preference Policy to target households who have histories of displacement or generational ties to being displaced from North/Northeast Portland due to harmful urban renewal practices.

The project will serve 17 households at 30% and includes 48 family-sized units to meet the needs of large families in North and Northeast Portland. Notably, the 30% AMI units are distributed proportionately among the unit types to ensure families below 60% AMI have access to appropriately sized units. The project will also include community-serving commercial space on the ground floor. Development financing for 5020 N. Interstate includes 4% LIHTC equity, Oregon Housing and Community Services (OHCS) weatherization funds, permanent loan, deferred developer fee, sponsor loan, and proposed Metro Bond and Metro TOD funds.

Changes between Concept Endorsement and Final Approval

- Loss of one 1-BR unit at 30% AMI to accommodate space for resident service delivery on the ground floor. Total unit count reduced from 64 to 63 as a result.
- Metro Bond award reduced from \$9,363,137 to \$9,216,838 due to loss of one unit.
- Updated sources and uses reflecting most recent project costs and addition of Metro TOD funds as a funding source.
- Refined project timeline with start of construction in July 2022 and completion in January 2024.

Development Program

5020 N. Interstate will deliver a new 68,407 square foot, 6-story mixed-income apartment building. The project will provide 63 affordable homes as well as approximately 2,491 square feet of neighborhood-serving commercial space. Amenities include a small community garden, outdoor play area and courtyard, bike storage, and 13 onsite parking spaces. The project is currently tracking for Earth Advantage Gold certification with features that include a reflective roof to reduce heat, enhanced insulation, double-paned windows, efficient mechanical and lighting systems, Energy Star appliances, a tight building envelope, and low-irrigation landscaping. All units will have mini splits to meet Metro's air conditioning policy.

Unit size (no. of bedrooms)	No. of units	30% AMI	60% AMI	PBVs	Square feet/unit	Gross monthly rent/unit
1 bedroom	15	4	11	0	620	\$544-\$1,088
2 bedrooms	23	6	17	0	805-880	\$653-\$1,306
3 bedrooms	25	7	18	0	1,070-1,172	\$754-\$1,509
Total	63	17	46	0		

Project Image



Rendering of 5020 N. Interstate viewed from North Interstate Avenue.

Background

In 2016, PHB purchased the 0.46-acre, half-block site in the Overlook neighborhood of North Portland for the purpose of developing affordable housing. A previously awarded development for home ownership could not successfully secure financing for a mixed-income, mixed-use multifamily condominium project. The property is in the Interstate Corridor Urban Renewal Area (ICURA) and is subject to PHB's N/NE Preference Policy.

In July 2021, the CDP and SEI development team submitted a proposal for Portland's 2021 Metro Bond Opportunity Solicitation (M-BOS). PHB originally recommended that the CDP and SEI development team be awarded \$9,363,137 in Metro bond funds to develop this site. The award was adjusted to \$9,216,838 after the project team determined that it would be necessary to remove one of the ground-floor units to include space for on-site resident service delivery.

As part of the M-BOS, PHB made available several due diligence assessments and predevelopment products completed by the previous project team, including design review and permitting, Environmental Phase I and II reports, geophysical survey and a construction cost estimate. The development team utilized the permit-ready designs to expedite start of construction. Building permits were secured in April 2022.

Location and Neighborhood

The project is equidistant (0.3 miles) from two MAX stations and from the number 72 bus route line, which terminates in Clackamas Town Center. The number 4 bus route is 0.4 to the east, terminating in Downtown Portland. A 4-minute walk north from the project is Patton Square City Park, and two other parks are a 15-minute walk away. There are multiple grocery stores in proximity, including a Fred Meyer, New Seasons and independently owned Cherry Sprout. Immediately south of the project is Providence Medical Group and Kaiser Permanente's medical campus.

Site

The 5020 N. Interstate site is a single 0.46-acre parcel along the east side of North Interstate Avenue between North Alberta Street and North Webster Street. PHB purchased the site for \$2 million and has owned the property since 2016. The previous structure, formerly a dry cleaner business, was demolished in 2018. The site is currently vacant and clear of any permanent structures. The zoning is Commercial Mixed Use 3 (CM3), a large-scale, commercial mixed-use zone intended for sites close to the Central City, in high-capacity transit station areas or town centers, and on civic corridors. At completion, 5020 N. Interstate will deliver a new 68,407 square foot, 6-story (wood framing over a concrete podium) mixed-income apartment building. The project will provide 63 affordable homes as well as ground floor commercial space. The building will be 71' 10" tall, have a density of 3.77/1 FAR, and cover 65% of the site. The ground floor of the project will include approximately 2,491 square feet of neighborhood-serving commercial space along Interstate and oriented toward the intersection with Alberta. The building massing is arranged in a C-shaped plan, simultaneously providing a street presence along all three frontages of the lot while also providing a courtyard for residents and concealing parking behind. The ground floor includes 3 apartments with a resident lobby, an entry plaza off North Interstate Avenue, and access to the parking area and multi-purpose exterior space.

The project will also incorporate right-of-way improvements adhering to the City of Portland's streetscape design and Portland Department of Transportation standards along North Webster, North Alberta, and North Interstate Avenue. Right-of-way dedications will provide new 12' wide sidewalks along Webster, Alberta, and Interstate.

Phase 1 Environmental Site Assessment and Geotechnical Report

The initial Phase I Environmental Site Assessment was completed in January 2019 by Wood Environment and Infrastructure Solutions. Three Recognized Environmental Conditions were identified:

- Historical site use associated with a fueling station and an automobile repair facility from 1934 to 1987. These operations likely included storage and use of hazardous materials, such as solvents, petroleum products, and metals.
- Historical site use associated with dry-cleaner operations from 1989 to 2014. These operations likely included the storage of dry-cleaning solvents.
- The previous storage and use of potential polychlorinated biphenyls (PCB)-containing hydraulic oil in a subsurface reservoir as part of automobile repair operations.

The Phase I ESA recommended additional sampling to evaluate soil and soil gas conditions, preparation of a Contaminated Media Management Plan (CMMP) to outline procedures for contaminated soils that may be encountered, and additional sampling of remaining building infrastructure for potential asbestos-containing building materials. A Phase II ESA was completed in February 2020 by Hart Crowser to assess identified areas of concern by completing soil sampling, gas sampling, and chemical analyses. The report concluded that contamination at the site

is low and no further action is warranted. Hart Crowser also completed a CMMP for the site to identify and manage contaminated soil, if found during construction.

The Geotechnical Report dated February 2016 by GeoDesign concluded that the site can be developed as proposed provided GeoDesign's recommendations regarding site preparation, construction considerations, fill, foundation support, seismic design, etc. are followed. GeoDesign issued additional letters in 2018 and 2019 confirming its opinion of buildability. CDP/SEI plans to use a consultant for geotechnical monitoring during construction as recommended by the Geotechnical Report.

Project Financing

The estimated total residential development cost is \$32,222,874, equal to \$511,474/unit or \$584/sq. ft. Construction costs are \$24,113,480, equal to \$382,754/unit or \$437/sq. ft. Bid reconciliation was completed in May 2022.

The project team has secured PABs for 5020 N. Interstate from OHCS. Planned sources of permanent financing include 4% tax credit equity, OHCS weatherization funds, Metro Bond funds, a Metro TOD grant, Citibank permanent loan, and deferred developer fee. Key Bank is providing the construction loan. The developer fee includes \$2,361,608 as cash fee and \$1,574,406 as deferred fee.

Sources and Uses Overview (Residential¹)

Source	Amount	Use	Amount
4% LIHTC Equity	\$14,720,747	Land/Acquisition	\$289
OHCS Weatherization	\$150,000	Construction Costs	\$24,113,480
Metro TOD Grant ²	\$0	Soft Costs (excl. Developer Fee)	\$4,173,091
PHB Metro Bond Loan	\$9,216,838	Developer Fee	\$3,936,014
Permanent Loan	\$7,604,727		
Deferred Developer Fee ³	\$530,563		
Total	\$32,222,874	Total	\$32,222,874

PHB does not plan to increase the amount of the Metro Bond award. Changes to the overall financing structure will be approved by PHB's Housing Investment and Portfolio Preservation Manager or Deputy Director, provided they do not increase risk to PHB or Metro or the project and that no additional PHB/Metro funds are required.

Development Team

- **Co-Developer/owner:** Community Development Partners, Inc. (CDP) and SEI have been working together since 2019 and have formed a co-developer and co-owner partnership for this project. **CDP** was formed in 2011 and has successfully built or preserved over 2,000 affordable housing units throughout Oregon, California, Nevada, and Arizona. CDP works in partnership Housing Authorities and non-profits such as SEI, Hacienda CDC, NAYA, NARA, and EngAge. The firm has developed 10 affordable housing projects in Oregon, four of which are in the City of Portland.
- **Co-Developer/owner/resident services provider:** SEI is Oregon's largest African American-led nonprofit multi-service organization, and second-largest minority-operated

¹ Commercial sources/uses total \$1,258,843.

² Metro TOD award of \$215,000 included as a commercial source.

³ Remaining deferred fee of \$1,043,843 included as a commercial source.

employer. In 2018-19, SEI's comprehensive services benefited over 16,300 K-12 students, youth ages 18-25, families, and individuals across the City of Portland and Multnomah County. The organization has 150 full-time and 46 part-time staff members, of which 75% are African American and 89% are from communities of color. SEI will provide resident services programming, lead community engagement activities, and represent the development team when meeting with community stakeholders such as the N/NE Oversight Committee.

- **General contractor:** LMC Construction and ALMAR Contracting. LMC will partner with ALMAR Contracting, a local minority-owned construction company. LMC brings significant experience in multifamily housing construction including previous PHB-funded projects and was the GC for the previous home ownership project so is very familiar with the project. This partnership will contribute towards the team meeting their equity in contracting goals.
- **Architect:** Carleton Hart Architecture is a local firm dedicated to creating innovative solutions to community-centered design challenges. Whether for public, private, or non-profit clients, they focus on projects that are community-based and people oriented. CHA has experience working on five previous PHB projects.
- **Property Management Company:** Guardian Management LLC has extensive experience in providing resident services and collaborating with service providers to meet the needs of the resident populations they serve. Currently the company's portfolio is comprised of over 130 communities throughout 90 cities in four states.
- **Real Estate Broker:** DRCOMM is Portland's largest Black- and Woman-owned Real Estate Brokerage firm. DRCOMM will act as the project's Listing Agent and will be tasked with finding tenants for the two commercial spaces which fit PHB's requirements of providing needed goods and services to the residents and supporting neighborhood business growth in the Overlook neighborhood community.

Summary of Roles and Responsibilities for the Co-Developers:

Ownership:	SEI GP .0049%/CDP GP .0051%
Developer Fee:	SEI 20%/CDP 80%
Partnership Fee:	\$5,000/year increasing at 3% to SEI Annually
Guaranties:	CDP
Resident Services: operating budget	\$35,000/year increasing at 3% to SEI, paid through
Asset Management:	CDP, paid through available cashflow below the line
Remaining net cash flow:	20% SEI/CDP 80%
Length of time:	99 years
CDP Responsibilities:	All development, financing, construction management, asset management activities led by CDP (SEI invited/included in all development activities, but CDP is taking the responsibility/risk)
SEI Responsibilities:	Attending OAC meetings, leading outreach for lease-up of units and commercial space, resident services provision, filing for property tax exemption

Community Engagement

CDP/SEI elected to use the existing project plans for 5020 N. Interstate. Prior to their involvement, the previous developer Proud Ground had planned to develop the site as condos for affordable homeownership. Proud Ground engaged the Overlook Neighborhood Association (OKNA) as part of the Design Review process, including presentations at OKNA's November 2018 board and general meetings. Proud Ground reported discussions with Portland African American Leadership Forum, the Urban League, Black Parents Initiative, and SEI that informed their plans to meet the needs of Black families in N/NE Portland. They also participated in the 2014 community forums, attended by more than 450 people, that led to development of PHB's N/NE Neighborhood Housing Strategy.

After receiving the Metro Bond award, CDP/SEI met with PHB's N/NE Oversight Committee in early 2022 to provide an overview of the project and discuss potential solutions for the lack of resident service space in existing plans. SEI has also carried out numerous non-project-specific outreach activities that informed its approach to serving households with histories of displacement from N/NE Portland.

CDP/SEI have respected the prior outreach efforts and the work that went into earning the community's trust and developing the goals of the N/NE Neighborhood Housing Strategy and Preference Policy. With that in mind, all two- and three-bedroom family units in the building plans have been retained. The developer also elected to maximize the number of 30% AMI units, providing 27% of units as 30% AMI units (exceeding PHB's request of 15%) to assist in meeting the policy objectives outlined through the prior engagement. In acknowledgement of the N/NE Oversight Committee's preference to include service delivery space on-site (instead of at nearby Alberta Annex, another CDP/SEI property), the developer has removed one ground-floor 1-BR unit resulting in 63 total units.

Based on SEI's understanding of the needs of low-income Black and BIPOC households gained through various engagement efforts, culturally specific services available to residents at 5020 N. Interstate will focus on families (e.g. parenting classes, parent-child development services, safety and reunification services) and economic support/skills building (e.g., short-term rental assistance, case management to achieve goals, employment resources, financial education and asset building). CDP/SEI have also added a small community garden and natural children's play structure to better serve resident families. *See attached Community Engagement Summary for additional details.*

Advancing Racial Equity

Project Location and Preference Policy

The 5020 N. Interstate site is located in Overlook, one of the North and Northeast Portland neighborhoods that comprise Albina, the center of Portland's African American community. Over the last few decades, gentrification and eminent domain have resulted in the mass displacement of Black residents from Albina. By targeting the units to serve Black families, CDP and SEI aim to reconnect this displaced community with greater Albina and the culturally specific services and landmarks that remain in place. The site is in Portland's Interstate Corridor Urban Renewal Corridor, where projects with PHB funding are subject to the City's N/NE Housing Strategy that includes a Preference Policy for applicants with generational ties to the area.

Strategies to Eliminate Housing Barriers

SEI's Relationship Model and comprehensive service continuum are culturally specific for African Americans and culturally responsive for other populations. SEI will implement programming and services both at the property and through their well-established curriculum of youth and family programs. Existing SEI employees and contract funds from multiple sources will be leveraged to ensure the project's success.

Property rental offers are available on an equal opportunity basis, and all efforts are taken to ensure that tenant screening practices are low barrier, including reducing the limit on when felonies have occurred to 3-years, rather than the usual 5 or 7.

Equity in Contracting

The team is targeting 40% participation by DMWESB trade and business partners on the project. LMC projects typically exceed 25% participation, even in cases where there is no stated goal, and many projects exceed 40%. Apprentice and workforce diversity metrics will be tracked.

In addition, SEI launched an innovative new scholarship program in the trades and a partnership that will create housing for youth selected to participate in a paid, three-year professional apprenticeship program focused on the Architecture, Engineering, and Construction industry.

Partnerships and Services

A SEI Resident Services Coordinator (RSC) will work part-time at the property to help residents navigate social services and provide referrals to community resources, including job training and asset building classes, childcare and after school programs. The RSC will also host community building events for residents at the property, as well as at the Alberta Abbey, a non-profit community arts center just blocks from the site. Site-specific services include the following:

- Connect residents with SEI's Community +Family Programs through Parenting Classes; Parent-Child Development Services for families of children ages 0-6; Anti-Domestic and Sexual Violence Program; Short-Term Rental Assistance; Multnomah Stability Initiative (MSI) for families who have children under 18 living in the household and are currently underemployed or unemployed; Community Works Project, a collaborative project between SEI, IRCO, Human Solutions, NAYA, Urban League of Portland, and El Programa Hispano that is designed to empower job seekers on TANF; and In-home Safety and Reunification Services (ISRS).
- Financial education, Individual Development Accounts, jobs networking, and entrepreneurship training.
- Physical fitness and other lifestyle classes.

Anticipated Timeline

Metro Concept Endorsement received	10/2021
OHCS 4% LIHTC application submitted	12/2021
Building permits secured	04/2022
Bid review	05/2022
PHB Housing Investment Committee approval	05/2022
City Council approval of land disposition	05/2022
Metro final approval	05/2022
Financial Closing	07/2022
Construction Start	07/2022
Construction Completed	01/2023
Lease-Up Completed	04/2024

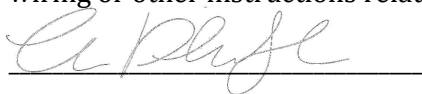
Metro Affordable Housing Bond Program**Final Approval****Project Name:** Powellhurst Place**Implementing Jurisdiction:** Portland Housing Bureau**Metro IGA Contract Number:** 937016**Date of Concept Endorsement:** N/A**Anticipated construction start:** September 2022**Anticipated construction completion:** November 2023**Action:**

Metro hereby provides Portland Housing Bureau with Final Approval of \$4,091,048.00 in Metro Affordable Housing Bond funds for the development of Powellhurst Place, a regulated affordable housing project located at 5403 SE 122nd Ave, Portland. Metro staff findings are attached in Exhibit A, and a more detailed description of the Project, as provided by the Portland Housing Bureau, is attached as Exhibit B.

This Final Approval is based upon the information contained in the final approval request provided to Metro by Portland Housing Bureau, including Project cost proformas and statements of sources and uses of funding needed to generate a Project with the following unit mix:

Number of Units	Number of Bedrooms	AMI Level	Project Based Vouchers
12	One-bedroom	30%	12
7	One-bedroom	60%	0
9	Two-bedroom	50%	0
36	Two-bedroom	60%	0

Changes to the information contained in the final approval request provided by Portland Housing Bureau could result in reevaluation of the Project's need for Metro Affordable Housing Bond Funds and changes to the staff findings and funding allocation to the Project before funding disbursement. Disbursement of funds for the Project will be processed in accordance with the terms and conditions set forth in the Affordable Housing Bond Measure Program Intergovernmental Agreement between Metro and Portland Housing Bureau, and will occur within 10 days of Metro's receipt of the following items: a draft regulatory agreement meeting IGA requirements, a final sources and uses budget, a construction contract schedule of values, and an invoice from the Portland Housing Bureau including wiring or other instructions related to transfer of funds.

7/26/2022Marissa Madrigal
Chief Operating Officer

Date

Exhibit A: Metro staff findings and recommendations | Metro bond funding concept endorsement and final approval for Powellhurst Place



Drafted by: Alison Wicks, Senior Housing Program Coordinator and
Jimmy Oporta, Housing Program Analyst
Date: July 6, 2022

Criteria for funding approval

Metro will issue Final Approval to the local implementation partner (LIP) upon Metro's determination that (a) the proposed Project reasonably contributes to the Unit Production Targets relative to the amount of the Eligible Share proposed to be used for the Project; and (b) the Project is consistent with the Local Implementation Strategy (LIS), the Work Plan, and the Bond Measure.

Staff recommendations

Staff recommends the Metro Chief Operating Officer (COO) provide Final Approval of funding for Powellhurst Place. Findings from Metro's staff review are summarized below. Additional information about the project can be found in Exhibit B, the project narrative submitted by the Portland Housing Bureau.

Context joint Concept Endorsement/Final Approval

The project is being reviewed for concept endorsement and final approval simultaneously. The project was initially submitted to the Portland Housing Bureau (PHB) 2018 Notice of Funding Availability for HOME funds, and subsequently for 4% LIHTCs. This project was recommend for funding by PHB as part of the spring 2021 Metro Bond Solicitation Opportunity. Key project highlights include:

- Total development costs are \$26.2 million and Metro Housing Bond funding is \$4.1 million.
- Net cash developer fee is 5.47% of developer fee basis. This amount is less than the Metro Developer Fee Guidelines minimum of 6.0% for projects with 31-75 units.
- Construction start date in August 2022 with completion anticipated in fall of 2023.

Contribution to unit production targets

Powellhurst Place will utilize 1.9% of Portland Housing Bureau's total allocation of bond funds (\$4,091,048.00) while delivering 64 units that meet the following unit production outcomes:

- 4.3% of Portland Housing Bureau's overall unit production target;
- 2.0% of Portland Housing Bureau's target of units affordable to households making 30% or less of area median income (AMI); and
- 6.1% of Portland Housing Bureau's family sized unit target.

When combining this project with Portland Housing Bureau's existing development portfolio, this puts the city on a path to have utilized 52.4% of total allocation of bond funds while delivering on the following cumulative unit production outcomes:

- 79.2% of Portland Housing Bureau's overall unit production target;
- 73.7% of Portland Housing Bureau's target of units affordable to households making 30% or less of area median income (AMI); and
- 74.2% of Portland Housing Bureau's family sized unit target.

Readiness to proceed

Portland Housing Bureau has submitted and Metro staff has reviewed and evaluated submitted materials for evidence of project feasibility and readiness to proceed. These include:

- An updated project pro forma dated 6/10/2022
- OHCS Affirmative Fair Housing Marketing Plan
- Residents Service Plan
- Letters of Intent by Portland Housing Bureau, Banner Bank, Energy Trust, National Affordable Housing Trust, Home Forward, Metro TOD program
- Construction Bid Set 3/4/2022
- Phase I Environmental Site Assessment (ESA) dated 9/23/2015, Phase II Environmental Assessment 11/1/2021
- Land appraisal dated 5/23/2022

Staff have not identified any major risks to project feasibility but will continue to request updates from the Portland Housing Bureau regarding how work is proceeding.

Advancing racial equity

Metro staff have reviewed final project materials to confirm consistency with the racial equity elements of the Portland Housing Bureau's approved LIS. Key findings include:

- **Location:** Powellhurst Place is located in the Powellhurst neighborhood of southeast Portland. There are a range of grocery options within 1 mile including a Safeway and Safeway Pharmacy. The site is 0.4 miles from Alice Ott Middle School and 0.8 miles from Gilbert Heights Elementary School. The site is 0.3 miles from the Springwater Corridor Trail and 0.4 miles from Raymond City Park.
- **Transit access:** The project is located on 122nd Ave and is adjacent to TriMet bus lines #10, and #73. Line #73 offers frequent service between the Parkrose/Summer Transit Center and the Foster and 94th.
- **Diversity in contracting/hiring:** Project has aspirational goals of 30% hard costs and 20% soft costs. The project has an aspirational goal of awarding 25% of workforce hours to women and people of color, while also meeting PHB goals of awarding 22% of apprenticeship hours to people of color and 9% of apprenticeship hours to women .
- **Access for historically marginalized communities:** NHA will use proven marketing and outreach methods to target communities of color, through referral relationships and low-barrier screening. Future partnerships and lease up support will include NARA, a predominately indigenous serving organization and Hacienda CDC, a predominantly Latinx serving organization. Marketing strategies will include: advertising in culturally-specific publications, advertising at locations frequented by targeted populations, partnerships with faith communities, referral relationships from culturally competent service providers and translation services. Examples of low barrier screening include: lower income-to-rent ratios, no credit requirements, individualized assessments for criminal background, and reduced lookback periods for criminal convictions. NHA will review reasonable accommodations to consider rehabilitation, recovery, supportive services, and other factors in appeals. This approach mirrors NHA's current policies and mission statement, which are to successfully house people who are otherwise denied access to housing.
- **Culturally responsive and appropriate services:** NHA is in discussions with future resident service providers, but do not have formal contracts in place at this stage. Core resident services will focus on health and wellness, asset building, referral and transportation services. Examples

of these services include basic health screenings, meal services, access to individual development savings accounts, career counseling, referrals to eligibility programs like SNAP, TANF, OHP and linking residents to fare assistance through Tri-met. The narrative confirms Native American Rehabilitation Association (NARA) will be contracted to provide mental health support, case management and wrap around services for PSH units. This will be accomplished with the hiring of 1 FTE that will be assisting 12 PSH-households. Funding from the Joint Office of Homeless Services will support case management, while project-based Section 8 funding from Home Forward will be used for rental assistance. Referrals will come from the County Homeless Coordinated waitlist and the PSH units aim to target predominantly indigenous populations.

Community engagement to inform project implementation

Metro staff have reviewed the updated narrative to confirm consistency with the community engagement elements of Portland Housing Bureau's approved Local Implementation Strategy (LIS). Key findings include:

Strategies for ensuring ongoing engagement around project implementation reaches communities of color and other historically marginalized community members:

A Resident Advisory Council meeting was held in 2021 to review conceptual drawings and planned amenities with meeting participants. A neighborhood outreach event was also convened in conjunction with the Powellhurst Gilbert neighborhood association where attendees provided input about access and parking. Future partnerships for community outreach will include NARA, a predominately indigenous serving organization and Hacienda CDC, a predominantly Latinx serving organization.

Strategy for ensuring community engagement to shape project outcomes to support the success of future residents:

Themes heard from community engagement included:

- Need for air-conditioning, which will be addressed by a mini-split systems
- Accessible units for those with disabilities and the ability to adapt units through reasonable accommodation requests
- Quality outdoor common spaces with covered outdoor seating
- A playground structure and secure courtyard for children that includes card access entry
- Low-barrier screening that includes reduced look back periods for credit and criminal offenses
- Safety and security features including secure access and video cameras in shared community spaces
- Location and functionality of the garbage and recycling systems
- Laundry facilities that include multiple forms of payment and large basin utility sink
- The project sponsor was unable to accommodate expanding limited parking space due to the lack of physical space but the project is located in an area with good access to transit

Sustainability and climate resilience

Powellhurst Place is currently tracking for Earth Advantage Gold certification through the Earth Advantage Multifamily program. Consistent with PHB's statement on Air Conditioning Requirement (August 13, 2021) and Metro's Policy Statement on Air Conditioning (September 14,

2021), the project will provide in-unit air conditioning to every unit via ductless mini-split HVAC units.

EXHIBIT B: Project summary submitted by Portland Housing Bureau Metro bond concept endorsement and final approval for Powellhurst Place

Submitted by: Lindsay Brown, Housing Portfolio Finance Coordinator
Portland Housing Bureau, Lindsay.brown@portlandoregon.gov
Submitted on: Revised June 10th, 2022

Project Overview

Powellhurst Place will provide 65 units of energy-efficient housing in a single 4-story building. The design provides 10 on-site parking spaces, a playground in a landscaped courtyard, a community room, ample secured bike parking, and management and resident services offices. The site is located on SE 122nd AVE just north of SE Harold St. in the Powellhurst neighborhood. Currently owned by LMC Construction with site control in the form of an extendable option agreement, the land totals 0.59 acres and is currently vacant and undeveloped, with previous residential structures removed and cleared before 2006. The project requested a total of \$8,913,411 of resources from PHB (\$4,091,048 in Metro Bond funding and \$4,822,363 in HOME funds). Additional sources include approximately \$11.28M in LIHTC equity, \$4.84M in permanent debt, \$300k in Metro TOD resources, \$120k in solar rebates, about \$45k in federal solar tax credits, plus a deferred development fee of \$725,100 for a total project cost of \$26,223,151.

Preliminary Development Program

Powellhurst Place will be a 65-unit project containing 19x 1-BR units and 46x 2-BR units in an infill 4-story building located on 122nd and SE Harold. The project will also include a community room with kitchenette, two management offices, 1 resident services office, ample secure bike parking, a landscaped courtyard and playground, onsite laundry facilities, and 10 off-street covered parking spots. Other amenities include EnergyStar appliances, ductless heating/cooling, and ceiling fans in living areas.

Unit size (no. of bedrooms)	No. of units	AMI %	PBVs	Square feet/unit	Gross monthly rent/unit
1BR	7	60%	0	572	\$1198
1BR	12	30%	12	572	\$599
2BR	36	60%	0	800	\$1406
2BR	9	50%	0	800	\$1198
2BR	1	MGR	0	800	0
Total	65				

Project Image



Background

The project was selected following the site purchase by LMC Construction and subsequent negotiations for site control, which stipulates that NHA can purchase the property from LMC upon construction closing for the price they paid (\$270K) plus holding costs. NHA selected DAO Architects for preliminary designs which were initially submitted to the PHB 2018 NOFA for HOME funds, and subsequently for 4% LIHTCs.

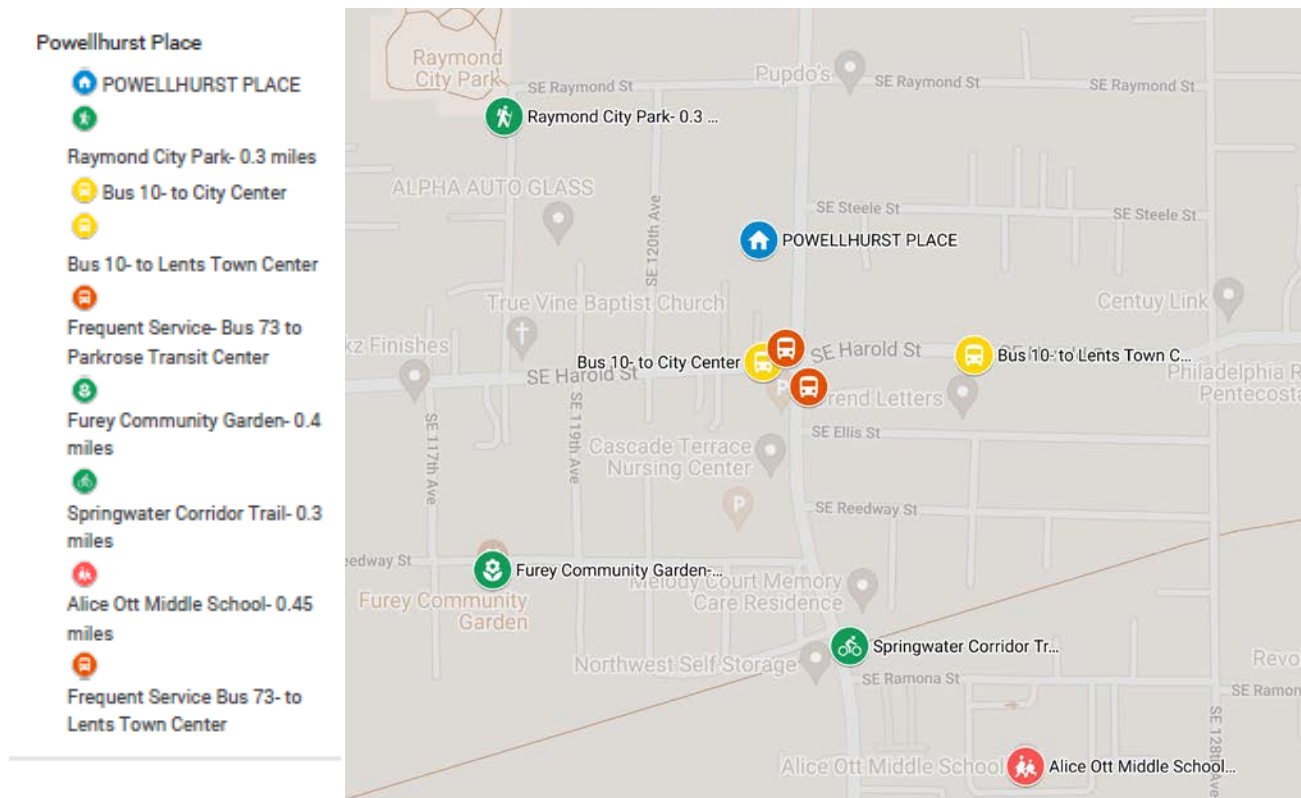
Upon receiving conditional award letters from both OHCS and PHB for these funds, NHA has moved further into predevelopment and due diligence activities which include:

- Completion of schematic designs
- 90% completed Design Development drawings
- Approved Type II land use adjustment to allow for vehicular access onto site via 121st Ave.
- Submitted lot confirmation request to Portland BPS in anticipation of December 2021 permit submittal
- Environmental Phase 1 complete. Phase II investigations for minor issues flagged in initial investigation are complete.
- Geotechnical investigation complete, showing that soil and geological conditions of the property are suitable for the proposed development plans.
- HUD Environmental Review has been completed

Location and Neighborhood

Powellhurst is located within the Powellhurst-Gilbert neighborhood in the Southeast portion near Lents. The neighborhood is filled with residential blocks, plenty of community amenities such as the Leach Botanical Garden, parks and community gardens, major and minor grocery/shopping outlets, schools, hospitals, community centers, and opportunity for jobs all within 1-2 miles. The

site sits between the major intersections of SE 122nd Ave. and SE Harold St which connects to public transportation Trimet bus lines: 10, 73, 17, and 9; along with access to the Trimet Max 'Green Line' light rail at Lents/SE Foster Station.



Site

The site is located 5403 SE 122nd Ave and includes 3 taxlots (R335469, R335717, R335471) which are all zoned Commercial Mixed Use 2 with a MU-C (Mixed Use- Civic Corridor) overlay. Site control is established with an extendable option agreement with the landowner, LMC Construction, who will serve as the general contractor on the project. The purchase price was established through the option agreement at \$270K plus holding costs. A late-2016 appraisal showed a value of the combined taxlots to be \$335K. The updated appraisal estimates the site value at \$460,000. The site is currently vacant with no structures, however historic records show that the site was formerly used as residential property with the former structures removed prior to 2006.

The site was developed with two single-family residences by the 1930's, its possible there may have been an orchard onsite until the mid-1950's. Both single-family homes were demolished in 2006, and the onsite septic system on the southernmost lot was decommissioned. The Phase I environmental study found no evidence of UST's onsite.

A geotechnical evaluation was completed in July of 2021. The report notes that the water table level is approximately 22 feet underground and concludes that native soils are suitable for in-ground stormwater infiltration. The consultants recommend that all of the brick fragment soil type be removed prior to start of construction. Continuous or isolated column footings are

appropriate, provided they're placed on structural fill or the dense, native sand and gravel underlying the top layer of fill on the site.

A Phase II survey was completed in November of 2021. There were no indications of existing or removed USTs onsite. Soil samples have shown soil impacts to existing areas of gravel, and to the surface soil in the northeast portion of the site. The impacts exceed generic levels for soil ingestion, dermal contact, and inhalation. To mitigate the potential risk to construction workers, nearby residents and potential residents, a Contaminated Media Management Plan is recommended, or a limited cleanup action prior to onset of construction.

Project Financing

The estimated total development cost is \$26,223,151, or \$403,433 per unit and a \$449k per sf cost for soft and hard costs combined. The project benefits from SDC waivers and property tax abatements. The current zoning has no requirement for parking, and the density bonuses available for affordable housing are of no use because the height restriction limits further development beyond what we are proposing. Below is a summary of the sources/uses for the project:

Sources		Uses	
LP Equity	\$11,280,000	Acquisition and Holding costs	\$460,000
Permanent Debt	\$4,840,000	Hard Costs	\$19,178,250
Metro Bond	\$4,091,048	Arch/Eng & other soft costs	\$4,128,801
PHB HOME	\$4,822,363	Developer fee	\$2,000,000
Metro TOD	\$300,000	Operating & lease up Reserves	\$456,100
OR Energy Trust	\$120,000		
Deferred Fee	\$725,150		
Solar tax credit equity	\$44,590		
Total	\$26,223,151*	Total	\$26,223,151

**The project has also received SDC Exemptions from the City of Portland valued at \$1,090,338.*

Development Team

Project Developer: Northwest Housing Alternatives

Founded in 1982, Northwest Housing Alternatives (NHA) is the leading not-for-profit developer of affordable housing throughout Oregon. Their mission is to create individual opportunity through housing. To that end, NHA develops, builds, and manages rental housing designed for Oregonians with extremely limited incomes; most NHA households earn less than \$16,000 per year. NHA housing serves diverse populations including families, workforce, seniors, veterans, and individuals experiencing disabilities, and represents a significant percentage of Oregon's overall affordable housing stock. These homes help families live healthy and stable lives, allow older adults to age in place, and give people with special needs a dignified residence. Along with providing affordable housing, NHA provides services that connect tenants to critical health and community resources, work to prevent homelessness before it begins, and offer emergency shelter and services for families experiencing homelessness. NHA currently operates nearly 1,900 units in 101 properties across 16 Oregon counties. The multifamily portfolio includes 1,631 units in 32 properties, and a separate DD portfolio includes 238 units in 69 properties. The NHA

portfolio also includes the Annie Ross Family Homeless Shelter, NHA's net zero office building, and several retail/commercial storefronts.

Architect: DAO Architecture

Established in 2004, the work of DAO Architecture stems from a broad range of experience on a variety of project types and uses. Both principals at DAO collectively have over 50 years of experience on all phases of housing, mixed-use, educational, recreational, and cultural buildings and landscapes. Recent projects include a range of new construction and renovations, site master planning and architectural design, and landscape integration for a diverse mix of private clients and public agencies. These include multi-family housing, public service and educational buildings throughout the Portland metro area and surrounding region, a multi-purpose community center and surrounding gardens, and various recreation and mixed-use facilities. DAO Architecture LLC is certified under all three categories of Emerging Small Business, Minority Business Enterprise, and Woman Business Enterprise. The firm is a member of the U.S. Green Building Council, and the firm's principals are registered in Oregon, Washington, California, and Arizona.

General Contractor: LMC Construction

LMC's portfolio includes new construction commercial buildings, commercial building expansions, ground-up multi-family housing projects, multi-family renovations and tenant improvements. The majority of their work has been the construction and renovation of Affordable Housing projects throughout Oregon and Washington. LMC provides clients with the financial security, bonding capacity, and experience they need; yet small enough that LMC's owner and executive team are readily accessible to the entire team, at all times. All decisions are made at a local level, on an urgent basis. Immediate feedback, confirmation, and executive decisions are available to the project at all stages. This includes the execution of contracts, negotiation of special terms, response to lender's due diligence, and finalization of the GMP.

Community Engagement

The project concept was presented early in the schematic design phase to interested parties in the surrounding neighborhood as well as to our internal Resident Advisory Council, which is a group of residents from various NHA properties we regularly convene for advice on our projects, programs, and services.

The neighborhood interested party presentation took place on June 21st, 2021 via a remote ZOOM meeting. The meeting information was posted on a project sign onsite and also shared via emails to the Powellhurst Gilbert Neighborhood Association and the East Portland Community Coalition. The attendees provided input about the overall project and helped inform our parking egress/ingress strategy as well as worker access/operations during the construction period.

The Resident Advisory Council meeting took place via ZOOM on August 11th, 2021. Six longtime residents of different NHA properties attended the meeting, which took members through the conceptual drawings, funding and population targets, planned amenities, etc. Members voiced their opinions concerning safety features, garbage collection plans, and finishing/waterproofing details, which will help inform later stages of the project designs.

Advancing Racial Equity

The site and program for Powellhurst Place was selected for its potential impact on the surrounding community. Today, SE Portland includes the highest geographic distribution of poverty in Portland, at 22% of the total area population, and the highest distribution of

communities of color at 43% of the total population. With 54% of the population in poverty identified as being from communities of color, this project was conceived as a way to add desperately needed, family-sized housing in a neighborhood quickly facing the prospect of rapid gentrification.

To build a resident community that is reflective of the diverse population within this neighborhood, NHA will utilize proven marketing and outreach methods that target communities of color and affirmatively further fair housing through referral relationships and low- barrier screenings. For NHA's recently completed workforce project in the Gateway District, called the Buri Building, these efforts helped create a resident population that includes 36% of households from communities of color, which makes the building more racially diverse than the city at large. This effort included a several referral partnerships with culturally specific organizations including Hacienda CDC and IRCO. For Powellhurst Place, NHA is working to formally establish referral partnerships with NARA to help with these efforts.

NHA has teamed up with DAO Architecture LLC on the initial design and further refinements. DAO Architecture is a certified MW-DBE business. NHA has also engaged LMC Construction who will be contracting subcontractors that are MW-ESB certified as well as following NHA's requirement and expectations stated below:

Northwest Housing Alternatives' mission is to create opportunity through housing. By advancing this mission, NHA has taken a deeper look into how economic opportunities are being afforded to the communities we serve. The outcome is an NHA Equity Policy adopted in July of 2013. One of the goals in the policy is to "increase workforce and contracting opportunities for historically disadvantaged communities." In this spirit, NHA is firmly committed to stretching the goals for MWESB participation, going beyond the minimum levels that funders require.

NHA requires MWESB, Workforce, and Section 3 tracking on all new and rehab projects, regardless of funding source. Beginning in 2012 with Alma Gardens in Hillsboro, NHA required their general contractor to commit to NHA's proactive goals on MWESB contracting and workforce participation. Final subcontractor awards show that a total of \$1,474,276 in contracts were awarded to MWESB firms, representing 30% of our total construction costs. Of this 30%, 10.4% went to minority - owned firms, 11.7% went to women - owned firms and the remaining 7.9% has been awarded to emerging small businesses. For this project, NHA will set similar goals, with a strong emphasis on minority business participation.

NHA also requires their general contractors monitor and track workforce training and hiring. NHA set a goal for Alma Gardens that women or minorities must complete 25% of workforce jobs and hours created by the project. These workforce benchmarks were completely voluntary and not driven by funding requirements. Their general contractor wrote these requirements into its bid documents and subcontracts. The first reporting period showed that minorities completed 44.3% of all workforce hours at Alma Gardens and 28.7% were completed by women.

To encourage participation, NHA puts most of its emphasis on outreach, finding that there is no particular "one - stop - shop" for attracting MWESB firms and minority, women and low - income workers. Rather, it is a complex process that requires a nuanced understanding of both the barriers and opportunities to attracting these businesses and individuals. Some of the methods used for outreach and increased participation on previous projects are below:

- Concerted and direct outreach to firms through the National Association of Minority Contractors of Oregon (NAMCO), the Oregon Association of Minority Entrepreneurs (OAME), and the Metropolitan Contractor Improvement Partnership (MCIP).
- Experience working with Oregon Tradeswomen, Portland Youth Builders, ETAP, MCIP Mentorship Program, and the Association of General Contractors (AGC) Mentorship Program to recruit, train and mentor new workers reflecting the diversity of our region.
- Advertising in local minority newspapers including: the Skanner, El Latino De Hoy and the Asian Reporter.
- Targeting lists of qualified MWESB and Section 3 firms and directly soliciting firms with clear information about timelines, project information and specifications.
- Using bid packages that break out specific scopes of work for components with a prevalence of MWESB firms.
- Requiring larger subcontractors to include sub - tier opportunities for certified firms.
- Making construction documents readily available to checkout from both the general contractor bid centers and identifying other Plan Centers that provide information to certified firms.
- Designating a Diversity Coordinator to provide supports for workforce training and certified participation throughout the construction process.
- Providing the supports necessary to ensure success once certified firms are selected. Examples of such supports include bid review for completeness, construction - specific technical guidance and help with vendors, scheduling, back-office support and safety protocols

Partnerships and Services

NHA is still solidifying roles/partnerships for ongoing operations, though initial outreach efforts are beginning to take shape. Powellhurst Place will likely be under the management of Northwest Real Estate Capital Corporation, with Native American Rehabilitation Association (NARA) contracted to provide mental health support, case management, and related wrap-around services for the PSH units.

NARA will collaborate with the Multnomah County Coordinated Access systems to identify referrals for the 12 PSH units at Powellhurst that will be supported by NARA staff. NARA's services are based on the traditional Medicine Wheel, and are designed to support mental, physical, emotional and social well-being. NARA staff are trained in providing culturally specific services for Native Americans, the Housing First model, Assertive Engagement, and crisis intervention techniques. Staff will meet individually with each household to assess needs and create a participant-focused service plan based on the needs and goals identified by each household to achieve housing stability. Staff will support the PSH tenants throughout their tenancy, providing skills training, case management, access to clinical services, and assisting to resolve any concerns that may impact a household's tenancy. During business hours, staff will directly respond to any crisis situation, in consultation with the clinical supervisor. After hours residents who are enrolled in NARA's clinical services will have access to after-hours crisis support. Residents not enrolled in NARA's clinical services will be provided Multnomah County crisis line support. In addition, other residents will receive information for requesting support for a tenant experiencing a crisis after hours if no staff are on-site.

There will be 1 FTE Supportive Housing Specialist assisting 12 PSH households. NARA hires staff credentialed as QMHA's, QMHP's, or CADC's in their SHS positions. The SHS schedule will depend on

the overall needs of the project, and we anticipate the position will work daytime hours that may include one regular weekend day. The SHS will be either on-site or assisting residents in the community approximately 80% of their time, and will be at NARA's housing offices, attending team meetings, and completing administrative tasks approximately 20% of their time. As a culturally specific provider, NARA strives to hire individuals with strong connections to the Native American community. When this is not possible, they ensure that staff receive adequate training and support to assist Native American clients. NARA's housing team includes 3 staff members who are bilingual in Spanish and English.

Anticipated Timeline

Currently in the midst of permitting and review, the permit approvals are anticipated for early August to align with a financial closing scheduled for mid-August 2022. The construction is expected to take roughly 14 months with completion anticipated in fall of 2023. After a 3-4 month lease up period the project aims to convert to permanent financing in the winter/spring of 2023.