

PROSPER PORTLAND

Portland, Oregon

RESOLUTION NO. 7275

**APPROVING AND RATIFYING A REGIONAL INFRASTRUCTURE FUND
APPLICATION TO SUPPORT HACIENDA COMMUNITY DEVELOPMENT
CORPORATION'S PROPOSED LAS ADELITAS PROJECT**

WHEREAS, the 2013 Oregon State Legislature ("Legislature") created the Regional Infrastructure Fund program ("RIF Program") for the purpose of providing grants and loans to fund local community and economic development projects;

WHEREAS, during the 2017 Legislative Session, the Legislature authorized the issuance of lottery bonds to produce \$4,000,000 in net proceeds for the RIF Program, which bonds are anticipated to be sold in the spring of 2019;

WHEREAS, the RIF Program requires that all private applications for funding be sponsored by a local government entity, and that the governing board of the local government formally authorize the application;

WHEREAS, Hacienda Community Development Corporation ("Hacienda") is seeking funding sources for its proposed redevelopment of a blighted former strip club known as Sugar Shack in the Cully neighborhood located at 6723-6921 NE Killingsworth Street, Portland, OR 97218 into a mixed-use affordable housing project ("Las Adelitas");

WHEREAS, Prosper Portland supports the redevelopment of the site, and provided a \$250,000 Small Business Loan Fund loan in 2015 to assist with acquisition of the site;

WHEREAS, on April 30, 2018, Prosper Portland staff submitted an application for \$1,000,000 in RIF Program funding to Business Oregon on behalf of Hacienda as its local government sponsor, a copy of which is attached hereto as Exhibit A ("Application");

WHEREAS, pursuant to Business Oregon rules, the Application must be approved and ratified by the Prosper Portland Board of Commissioners ("Board") in order to be considered for approval by Business Oregon;

WHEREAS, the Application itself does not impose obligations on Prosper Portland, but if the Application is successful, Prosper Portland staff and Hacienda intend to engage with Business Oregon in the process of negotiating a formal funding agreement, the terms of which have not yet been determined; and

WHEREAS, application for RIF Program funding for Las Adelitas advances Prosper Portland’s 2015-2020 Strategic Plan by furthering the objectives of creating healthy, complete neighborhoods throughout Portland.

NOW, THEREFORE, BE IT RESOLVED, that the Prosper Portland Board approves and ratifies Prosper Portland’s submission of the Application for RIF Program funding for Las Adelitas that is attached hereto as Exhibit A; and

BE IT FURTHER RESOLVED, that this resolution shall become effective immediately upon its adoption.

Adopted by the Prosper Portland Commission on June 13, 2018



Pam Micek, Recording Secretary



PROSPER PORTLAND

Building an Equitable Economy

RESOLUTION NO. 7275

RESOLUTION TITLE:

APPROVING AND RATIFYING A REGIONAL INFRASTRUCTURE FUND APPLICATION TO SUPPORT HACIENDA COMMUNITY DEVELOPMENT CORPORATION'S PROPOSED LAS ADELITAS PROJECT

Adopted by the Prosper Portland Commission on June 13, 2018


PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Chair Gustavo J. Cruz, Jr.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Alisha Moreland-Capua MD	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Francesca Gambetti	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Peter Platt	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner William Myers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Consent Agenda Regular Agenda

CERTIFICATION

The undersigned hereby certifies that:

The attached resolution is a true and correct copy of the resolution as finally adopted at a Board Meeting of the Prosper Portland Commission and as duly recorded in the official minutes of the meeting.

	Date: June 14, 2018
Pam Micek, Recording Secretary	

Regional Infrastructure Fund Application



Deadline: Monday, April 30, 2018, 5:00 pm

A. Applicant

Organization Name

Prosper Portland, the assumed business name of the
Portland Development Commission

Organization Type City

(Identify the ORS under which entity is formed if applicant
is an entity other than city or county, such as special
district, authority, association, etc.)

Street Address

222 NW 5th Avenue
Portland, OR 97209

Mailing Address

Office Phone 503-823-6828

Web URL

DUNS Number

Federal Tax ID Number 93-6013584

B. Project Contact

Name Bobby Lee

Title Director of Economic Development

Phone 503-823-6828

Email leeb@prosperportland.us

Cell Phone 541-554-4650

C. Final Beneficiary/Recipient

If final beneficiary/recipient is not same as applicant, complete this section.

Organization Name Hacienda Community Development Corporation

Street Address

6700 NE Killingsworth Street, Portland, OR 97218

Mailing Address

Same

Office Phone 503-595-2111

Web URL www.haciendacdc.org

Contact Name Rose M Ojeda

Contact Title Director, Housing Development

Contact Phone 503-961-6415

Contact Email rojeda@haciendacdc.org

D. Project Overview

Project Name (10 words or less)

Las Adelitas will provide new affordable housing for up to 130 workforce households earning less than 60% AMI.

Project Location (indicate physical address including city and county)

6723 NE Killingsworth Street, Portland, OR 97218

Project Category (if construction project, see Attachment A & B requirements in Section L list of attachments)

- Planning Design only Construction only Design & Construction
- Other (describe) _____

Project Region & Priorities

View [All Regions—Advisory Committees, Teams, Priorities](#) document to see each region's priorities.

If project serves more than one region, select the region that will contain a majority of the project. Select one region, then on page 3 select all applicable **Regional Solutions Priority or Priorities** addressed by project outcomes:

- North Coast (Clatsop, Columbia, Tillamook, and western Washington counties)
- Mid-Valley (Marion, Polk, and Yamhill counties)
- South Valley/Mid Coast (Benton, Lane, Lincoln, and Linn counties)
- South Coast—Umpqua (Coos, Curry, and Douglas counties)
- Southern (Jackson and Josephine counties)
- Metro (Clackamas, Multnomah, and Washington counties)
- North Central (Hood River, Sherman, and Wasco Counties)
- Central (Crook, Deschutes, and Jefferson counties)
- South Central (Klamath and Lake counties)
- Greater Eastern (Gilliam, Grant, Harney, Malheur, Morrow, Umatilla, and Wheeler counties)
- Northeast (Baker, Union, and Wallowa counties)

Metro Priorities

PRIORITIES (draft, pending advisory committee approval in June 2018)

- Inclusive Economic Development: Grow and retain businesses and quality jobs to help ensure that all Oregonians have the opportunity to reach their full potential and thrive.

Strategies and Actions:

- Support growth and expansion of middle-income and traded-sector jobs and industries, including established and emerging clusters.
- Prioritize projects that advance inclusive economic development and incorporate anti-displacement measures.
- Prioritize projects (rural and urban) that address inequity in the region (i.e., include Minority, Women, Emerging Small Business (MWESB) contractors, benefit underserved populations, etc.)
- Evaluate loans and grants to ensure financial resources address disparities.

- Workforce Development: Bolster efforts to train and employ Oregonians for current and emerging markets.

Strategies and Actions:

- Encourage local hiring and the procurement of minority-owned, women-owned, and emerging small businesses in projects.
- Look for job skill training and career pathway opportunities associated with projects.

- Housing: Promote affordable and workforce housing development.

Strategies and Actions:

- Provide regulatory certainty and streamline state permitting processes for affordable and workforce housing development.
- Provide technical assistance and resources to help increase the supply of affordable and workforce housing.

- Infrastructure: Modernize the region's key transportation and infrastructure systems.

Strategies and Actions:

- Provide technical assistance and resources to promote a strong multimodal transportation network for the safe and efficient movement of goods and people.
- Provide technical assistance and resources for infrastructure systems including sewer and clean air and water.

1. Please indicate if the project is **consistent with Business Oregon’s strategic plan priorities** listed below. See Business Oregon’s Five Year Strategic Plan to see the agency’s priorities.

- Innovate Oregon’s Economy
- Grow Small- and Middle-market Companies
- Cultivate Rural Economic Stability
- Advance Economic Opportunity for Underrepresented People
- Ensure an Inclusive, Transparent, and Fiscally Healthy Agency

2. Identify the **Sustainable Community Objectives** addressed by the project.

Sustainable community objectives were adopted by the Oregon State Legislature as part of the Oregon Revised Statutes in the 2001 Legislative Session. Regional Solutions Teams use them as a guide in leveraging investments and achieving multiple project objectives.

Economy

- A resilient economy that provides a diversity of good economic opportunities for all citizens.
- Workers whose knowledge and skills are globally competitive and supported by life-long education.

Community

- Independent and productive citizens.
- Youth who are fully supported by strong families and communities.
- Vital and active downtowns and main streets.
- Efficient development that saves infrastructure investments and natural resources.
- Quality affordable housing that is available to those who need it.

Environment

- Healthy urban and rural watersheds and species abundance and diversity.
- Clean and sufficient water for human and natural use.
- Efficient use and reuse of resources, and the elimination of harmful toxins in the environment.

E. Project Description

Describe the "What" in the space allowed. Provide a brief, 4-5 sentence summary of the project and what the funds would be used for. Include a brief description of the goal and scope of the project, summarizing project implementation (e.g., planned infrastructure or activity).

Our goal for Las Adelitas is to develop a mixed-use affordable housing project that will transform the former "Sugar Shack" strip club site from a public nuisance into a community asset: creating and retaining area jobs, providing affordable housing, including a community facility space to be utilized to support economic opportunities to meet the needs of working families and people of color in the Cully neighborhood. Residents targeted for Living Cully will earn no more than 60% of AMI or for a family of four about \$48,840 in 2018.

The design concept builds upon the triangular form of the site, both in how the buildings layout and the open spaces created, to make a unique place that feels like it belongs. A single 4-story, mid-rise building located at the west side of the site will provide a mix of 130 studio, one-, two- and three-bedroom apartments primarily for workforce household. Las Adelitas will also include a ground floor bicycle and parking areas, a community facility space, leasing office, resident community room, a classroom, a small prep kitchen for use by residents, the Cully community and food cart vendors involved in our Micro-Enterprise program, and an urban plaza/green space. The Regional Infrastructure Fund will be used to cover a portion of the construction costs estimated for the project.

F. Justification

Opportunity/Need—In the space allowed below, describe “Why” the project is needed. Identify the opportunity or need the project seeks to address as well as how it supports the Regional Solutions and Business Oregon priority(ies) (see pages 2-3). Provide data and/or a narrative substantiating the need.

Las Adelitas is a project with great significance to the community. For over 20 years, the site was home to a strip club known as the Sugar Shack that was a magnet for drugs, violence and human trafficking. Families despised its presence in the neighborhood and longed for something that would bring opportunity to the area. After many years of trying, Hacienda successfully purchased the building in 2015, and with our Living Cully partners we have undergone extensive community engagement to design the Las Adelitas project in response to the community’s needs. The Cully neighborhood is also currently on the front lines of gentrification. As of the 2010 Census, Cully was home to the state of Oregon’s most racially diverse Census tract. This is one of the few remaining neighborhoods inside I-205 where large numbers of people of color live, and yet we see the rent skyrocketing, and the average home purchase price has soared over \$400,000. If we fail to invest in affordable housing in Cully, we will risk perpetuating the gentrification that has seen residents of color pushed out of so many Portland neighborhoods. Las Adelitas will also directly serve as an anti-displacement project. It will be located across the street from our oldest and most obsolete property, Villa de Clara Vista, and will provide homes for Clara Vista residents while Clara Vista is redeveloped.

Proposal/Solution—In the space allowed below, describe “How” the project would address the above opportunity/need.

Las Adelitas will create 130 units of housing for those earning less than or equal to 60% of area median income. Of this total, Hacienda CDC will ensure that a minimum of 20% or 26 housing units will allow a preference for Cully area employees connected to local employers supporting our project, including the Port of Portland, Comcast/Xfinity, and Verde Builds and Verde Landscaping. We are creating a community facility space within the project to provide economic opportunity services, such as homeownership support, savings programs, and small business development. We are connecting community members to income earning opportunities related to the construction of this very project through the Verde Builds and Verde Landscaping workforce programs. We are also incorporating food cart spaces at Las Adelitas to provide opportunities for entrepreneurs in the community. Las Adelitas is a model of community revitalization that prioritizes the needs of people already in the community, and will steer significant investment into the community, while preventing displacement of residents.

3. **Funding Request.** All requests must be in the range of \$50,000 to \$1,000,000.

- a. Funds requested: \$ 1,000,000
- b. All projects, but especially those whose project request is over \$200,000, are encouraged to define the minimum funds requested: \$ 500,000
- c. Describe what phase or portion of the work could be completed with the minimum request, or how the project would be altered to complete the project with the reduced amount:
Funds will be used to pay for building construction costs.

4. Provide a list of letters that **demonstrate community support** for the project (list name and affiliation of sender). Attach copies of letters to your application (see Attachment D in the List of Attachments).

Name	Affiliation
<u>John Wasiutynski, Chair</u>	<u>Cully Boulevard Alliance</u>
<u>Laura Young, Chair</u>	<u>Cully Association of Neighbors</u>
<u>Curtis Robinhold, Executive Director</u>	<u>Port of Portland</u>

5. Is the project included in any adopted Master Plans or regional or local economic development and/or strategic plans? Yes No

If yes, list them below.

The City of Portland 2035 Comprehensive Plan to implement the 2012 Portland Plan's growth strategy.

6. Does the project benefit the Oregon economy by generating a net increase in, or retention of, long-term jobs (beyond short-term construction jobs) in the region directly impacted by the project?
 Yes No

If yes, complete a, b. & c. below. (If this project advances to the Grant & Loan Review Committee, you may be asked to provide supplemental information.)

- a. Expected number of long-term (non-construction) jobs created or retained as a direct result of the project: _____ jobs created 26 jobs retained
- b. Expected average annual wage of long-term (non-construction) jobs created or retained:
Residents of Las Adelitas will mostly be employed with incomes ranging from \$24,856 to \$56,700.
- c. Provide a description of the types of jobs created and/or retained:
Most of the jobs anticipated to be retained are as follows: laborers, drivers, child-care, cust. service

G. Project Work Plan

List project activity milestones/key tasks with estimated start and completion dates.

Activity	Estimated Start Date	Estimated Completion Date
Estimated Project Start Date	06/01/2017	
Site Acquisition	06/01/2017	10/02/2017
Construction Loan	04/01/2018	05/30/2019
Permanent Loan	04/01/2018	05/30/2019
Tax Credit Syndication-Partnership Agreement	12/31/2018	05/30/2019
Construction Begins - Plans to City to permits to Const. Closing	12/31/2018	06/01/2019
Marketing Starts	11/01/2020	02/01/2021
Estimated Project Completion Date		02/01/2021

7. Describe any conditions that may affect the completion of the work plan. If applicable, describe any measures planned to mitigate these conditions.

The timing of financing commitments will be the major obstacle for this project. We are pursuing capital funding from OHCS, Portland Housing Bureau and other major funders of affordable housing. We are also actively supporting efforts to make local private activity bond financing and private capital available to affordable housing non-profits and identifying and pursuing alternative sources of capital funding. Should some funders not approve submitted funding applications, we will investigate why the application was not funded, and revise to improve the application for the next round of funding.

H. Project Budget

Budget Line Item Below are general items most used (adjust budget items to suit the project).	Regional Infrastructure Fund	Other Funding	Total
Engineering/Architecture		\$ 1,799,334	\$ 1,799,334
Construction	\$ 1,000,000	\$ 35,491,277	\$ 36,491,277
Construction Contingency		\$ 1,639,370	\$ 1,639,370
Land Acquisition		\$ 2,810,852	\$ 2,810,852
Legal		\$ 95,000	\$ 95,000
Construction Management		\$ 0	\$ 0
Other Specify - Public Project Management		\$ 75,000	\$ 75,000
Other Specify - dev. fee, finance, int., survey		\$ 6,161,430	\$ 6,161,430
Other Specify - reserves		\$ 731,369	\$ 731,369
Other Specify - Permits, SDCs		\$ 1,426,259	\$ 1,426,259
Totals	\$ 1,000,000	\$ 50,229,891	\$ 51,229,891

I. Details of Other Funding

Source of Other Funds (see Attachment C requirements in Section L. List of Attachments)	Amount	Status: C-Committed, AS-Application Submitted, AI-Application Invited, PS-Potential Source	Dates Required Funds will be Committed and Available
4% LIHTC	\$ 18,261,496	AS	12/31/2018
PHB CET, HIF, HOME	\$ 7,250,000	PS	03/30/2019
Permanent Loan	\$ 8,900,000	AS	05/30/2019
OHCS Grant Sources	\$ 5,200,000	AS	12/31/2018
Cash,FHLB, METRO, OR Biz, Foundation	\$ 11,618,395	AS	03/30/2019
Totals	\$ 51,229,891		

J. Who Prepared the Cost Estimate for the Project?

Name Chris Duffin & Rose M Ojeda

Title President, LMC & Director, Hsg. Dev. HCDC

Company LMC Construction & HCDC

Phone Number 503-646-0531, LMC & 503-961-6415 HCD

Date of project cost estimate 03/19/2018

8. Does the project budget propose direct project management expenses? Yes No
(Direct project management is defined as expenses that will be incurred that are directly related to and necessary solely to support or manage project activities and are not routine or ongoing expenses of the municipality or expenses for current staff that are already included in the municipality's adopted budget.)

If yes, describe how the direct project management services will be provided:

Prosper Portland shall designate to provide direct project management services .

9. Will the applicant own the facility/improvements once constructed? Yes No

If no, explain:

Hacienda CDC will own the facility.

10. After project completion, who will assume responsibility for the ongoing operations and maintenance of the project?

Hacienda CDC will assume responsibility for the ongoing operations and maintenance of the project.

11. After project completion, what will be the source(s) of funds for the ongoing operations and maintenance of the project?

Rental revenue will be used to cover the ongoing operations and maintenance of the project.

12. Is the applicant (and final beneficiary/recipient) current on all taxes, fees, and debt payments?
 Yes No

If no, explain:

Hacienda is current on all taxes, fees and debt payments or has negotiated deferral of debt payments.

K. Permits

List the permits and regulatory authorizations needed for the project to be ready to proceed with construction and indicate whether or not they have been obtained.

Permit Type	Review Agency	Status of Approval	If pending, anticipated approval date
Building Permits	Portland Bureau of Planning	<input type="radio"/> Obtained <input checked="" type="radio"/> Pending	05/30/2019
		<input type="radio"/> Obtained <input type="radio"/> Pending	
		<input type="radio"/> Obtained <input type="radio"/> Pending	
		<input type="radio"/> Obtained <input type="radio"/> Pending	

13. List any other state or federal agencies involved with the project not included above:

The majority of funding will come from OHCS's 4% Low Income Housing Tax Credit/Bond financing program & grants.

L. List of Attachments

Required for	Attachment Description	For Office Use Only (X if Attached)
construction applications	A. Map(s) showing the location of the project, including tax lots/parcels, and road widths, etc. (refer to Section D. Project Overview).	<input checked="" type="checkbox"/>
	B. Documentation from the appropriate entity (city or county planning department) that indicates that the project is a permitted use and consistent with the acknowledged local comprehensive plan (refer to Section D. Project Overview).	<input checked="" type="checkbox"/>
all applications	C. Letters of commitment for other funds (refer to Section I. Details of Other Funding).	<input type="checkbox"/>
	D. Letters of community support for the project (refer to question #4).	<input checked="" type="checkbox"/>

M. General Certification

I certify to the best of my knowledge all information contained in this document, and any attachments, is valid and accurate. I further certify that, to the best of my knowledge:

1. The application has been approved by the governing body or is otherwise being submitted using the governing body's lawful process, and
2. Signature authority is verified.

Check one:

- Yes, I am the highest elected official. (e.g., Mayor, Chair or President)
- No, I am not the highest elected official so I have attached documentation that verifies my authority to sign on behalf of the applicant. (Document such as charter, resolution, ordinance or governing body meeting minutes must be attached.)

The department will only accept applications with proper signature authority documentation

SEE ATTACHED SHEET

Typed Signature

Date

Title

**** SEE ATTACHED SUBSTITUTE SIGNATURE PAGE ****

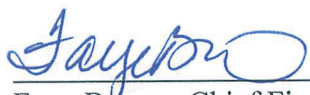
Submit

Or, print out a copy of completed form and mail it to:
Business Oregon
Regional Infrastructure Fund
775 Summer St NE, Suite 200
Salem OR 97301-1280

**Substitute Signature Page for Regional Infrastructure Fund Application – Prosper
Portland**

M. General Certification

I certify that I am the Chief Financial Officer of Prosper Portland, and that I am signing this application pursuant to the delegation of authority to me by the Executive Director of Prosper Portland. My authority to sign this application is subject to the subsequent passage of a resolution by the Prosper Portland Board of Commissioners ratifying the submission of this application. Should such a resolution be passed by the Prosper Portland Board of Commissioners, this application will have received all requisite approvals.



Faye Brown, Chief Financial Officer
Prosper Portland



Date