



---

CITY OF  
**PORTLAND, OREGON**  
PORTLAND HOUSING BUREAU

---

**Dan Saltzman, Commissioner**  
Traci Manning, Director  
421 SW 6<sup>th</sup> Avenue, Suite 500  
Portland OR 97204  
(503) 823-2375  
Fax (503) 823-2387  
[www.portlandoregon.gov/PHB](http://www.portlandoregon.gov/PHB)

## REPORT TO COUNCIL

DATE: January 28, 2015

TO: City Council

FROM: Commissioner Dan Saltzman

SUBJECT: Accept the North/Northeast Neighborhood Housing Strategy from the Portland Housing Bureau

---

I am pleased to submit for your consideration the North and Northeast Investment Strategy to guide the investment of \$20 million dollars in affordable housing funds in North/Northeast Portland over the next five years. The investments will be focused on a portion of the Interstate Corridor Urban Renewal Area in neighborhoods most historically impacted by displacement.

The process for determining how and where to spend the money has provided an opportunity to engage community members in ways that begin to address a long history of institutional racism and the impact of displacement on people and businesses.

The voice of the community has been central to the process. Throughout the fall of 2014, the Portland Housing Bureau (PHB) went out into the community and gathered input from hundreds of area residents impacted by or at risk of displacement.

This Strategy also contains recommendations for policies and practices necessary to supplement the direct funding in order to reach the goals of mitigating and preventing displacement.



---

CITY OF  
**PORTLAND, OREGON**  
PORTLAND HOUSING BUREAU

---

Dan Saltzman, Commissioner  
Traci Manning, Director  
421 SW 6<sup>th</sup> Avenue, Suite 500  
Portland OR 97204  
(503) 823-2375  
Fax (503) 823-2387  
[www.portlandonline.com/PHB](http://www.portlandonline.com/PHB)

---

**NORTH/NORTHEAST NEIGHBORHOOD HOUSING STRATEGY**

**EXECUTIVE SUMMARY**

Less than two decades ago, the neighborhoods that comprise inner North and Northeast Portland were home to the highest concentration of African American residents anywhere in the city—or in the state. Although decades of segregation had once confined them there, community will had also given rise to a vibrant cultural center, replete with African American businesses, churches, and other cultural institutions. City efforts during the 1990s to address the growing problems of crime and blight that had begun to consume the area brought about profound neighborhood transformations, but left many long-time residents with fewer and fewer affordable housing options. Within a decade, the percentage of African Americans in the total population of the area had fallen by more than half.

In March 2014, Mayor Charlie Hales, with the support of housing commissioner Dan Saltzman, dedicated an additional \$20 million in Tax Increment Financing (TIF) dollars from the Interstate Corridor Urban Renewal Area (ICURA) to affordable housing in an effort to begin to address the ongoing threat of displacement and gentrification.

Recognizing the difficult history that led us here, the Portland Housing Bureau (PHB) determined that any plan would need to be guided by the community itself. Through a series of community forums and other outreach efforts, more than 450 residents, 15 area faith leaders, and numerous community leaders generously shared their personal stories and those of their friends, family, and neighbors. They sent written notes and emails about their lived experience and what kinds of housing assistance would have the most impact.

The result of this seven-month process is the “North/Northeast Neighborhood Housing Strategy” (the Strategy) — a five-year plan for how to invest the \$20 million according to the stated priorities of the community. Beyond the dollars and cents, however, we are aware that we must also answer the resounding question: “how will this plan be any different?” Because TIF money is limited primarily to building and construction costs, many of the investments outlined in the following pages expand existing City programs and fund affordable housing developments that are in many ways similar to those we already build throughout the city. To have a different impact, this Strategy also proposes a set of new practices and policies to address the specific barriers to housing access, security, and economic opportunity that were expressed to us repeatedly by community members.

In short, it’s not what we do with the money that will look different — building affordable housing is something the Portland Housing Bureau and our partners do well. What makes this plan different is going to be in *how* we do it.

The summary below outlines the key elements of the N/NE Neighborhood Housing Strategy. The full Strategy will be available online at [www.portlandoregon.gov/phb/nne](http://www.portlandoregon.gov/phb/nne) and will include the following:

## **N/NE Neighborhood Housing Strategy – Full Report**

### **Executive Summary – Strategy, New Practices & Policies**

- Study Area Map
- Interstate URA Map

### **N/NE Portland – An Historical Overview**

- Mapping Demographic Changes
- Power Point from Forums

### **Community Forums**

- Summary
- Full Report

### **Strategy Detail**

### **City Council Presentation Materials**

- Council Documents and Power Point Presentation
- Video of Council Presentation

## INVESTING THE \$20 MILLION

Strategy	Time Frame	Homes created or households assisted	Total over five years	
<b>Preventing Displacement</b>				
1	<p>Single Family Home Repair.</p> <ul style="list-style-type: none"> <li>Provide zero percent interest loans of up to \$40,000 per home to provide critical home repairs for low income homeowners up to 80% of median family income qualify (<i>\$38,850 for one person, \$55,500 for a family of four</i>).</li> </ul>	Starting immediately, annual allocation for five years.	80 households	\$3.2 million
	<ul style="list-style-type: none"> <li>Provide grants of up to \$5,000 per home to provide critical home repairs to seniors and people with disabilities up to 50% of median family income (<i>\$24,000 for one person, \$34,700 for a family of four</i>).</li> </ul>	Starting immediately, annual allocation for five years.	160 households	\$800,000
<b>Creating New Homeowners</b>				
2	<p>Invest in homeowners.</p> <ul style="list-style-type: none"> <li>Increase PHB funding for Down Payment Assistance Loan (DPAL) Program, assisting first time homebuyers with incomes up to 80% median family income.</li> </ul>	Start immediately, anticipate fully deploying in three years.	40 households	\$2.4 million
	<p>Create new affordable homes.</p> <ul style="list-style-type: none"> <li>Create permanent affordability and new affordable housing stock in the community, investing with community based organizations to leverage their expertise and additional funds (includes land trust, sweat equity, and other leverage models).</li> </ul>		32 households	\$2.6 million
<b>Creating Rental Homes</b>				
3	<p>Permanently affordable rental homes.</p> <ul style="list-style-type: none"> <li>Redevelop PHB-owned land on NE Martin Luther King, Jr. Blvd. between NE Cook St. and NE Ivy St. for affordable rental housing.</li> <li>Emphasize family-sized units and family-friendly features.</li> <li>Work with PDC and others to identify ground-floor commercial opportunity for local business(es).</li> </ul>	Start immediately.	40-80 units	\$4.5 million plus land
	<ul style="list-style-type: none"> <li>Redevelop one or more additional properties either owned by PHB, the County, or other partners.</li> </ul>	Start 2017	30-60 units	\$3.5 million

<b>Land Acquisition</b>				
<b>4</b>	<ul style="list-style-type: none"> <li>• <b>Acquire additional land to be used for permanently affordable housing.</b></li> <li>• <b>Work with the community and other institutions to leverage additional funds for this purpose.</b></li> </ul>	<b>Start immediately.</b>		<b>\$3 million</b>

## **NEW PRACTICES AND POLICIES**

### **Accountability to the Community –**

The Portland Housing Bureau and the City of Portland will be accountable to the community for this Strategy. A community-based Oversight Committee is being formed to whom PHB will report on progress. More detail on the Oversight Committee’s functions and role can be found in the Next Steps section below.

### **Who has Access –**

Decades of involuntary displacement have led to a community very different from the one that existed three or more decades ago. Much has been lost and some of that is due to who has (or had) access. Access is fundamentally about equity not just in North/Northeast Portland, but the city as a whole.

### **Start Immediately**

- 5. Preference for Community Residents and those Displaced** – People displaced or at risk of displacement from the study area will have priority access to housing developed through this initiative. Similar policies have been implemented in New York, Massachusetts, California, as well as through Home Forward here in Portland. The Bureau has been and will continue to work with the City Attorney’s office and the Office of Equity and Human Rights to develop this program’s mechanics.
- 6. Outreach and Engagement** – Engage with owners and developers of private market developments in N/NE Portland to create knowledge and opportunity for marketing vacancies in the local neighborhood. (Similar strategies will be required for all homes created with Strategy funds.)

### **Next Up**

- 7. Screening Criteria** – Collaborate with community-based organizations to enhance implementation of existing effective programs like Rent Well. Also, work with owners and property managers as well as community-based organizations such as the Urban League to implement best practices for tenant screening that do not have unintended negative consequences for communities of color.

## **Prevent Displacement –**

Perhaps the concern most often cited during the community forums was that of losing a home because of money, whether that was a home in need of repair or the rising costs of ownership or renting. Such money concerns, relatively straightforward to describe, but often vexing to solve, can lead (and have led) to displacement. The next set of strategies seek to address those reasons for displacement.

### ***Immediately***

#### **8. Single Family Home Retention: Outside of URA Boundary –**

- a. Lack of funds to make repairs to a critical home system (roof, plumbing, etc.) can often lead to someone losing their home. PHB currently has a large number of applications for the Bureau's existing home repair program that could be funded except the homeowners live outside the Urban Renewal Area boundary. PHB will seek funds, including a request in the current City budget, for the program that can be used in Area outside of URA boundaries.

#### **Single Family Home Retention: Inside and Outside of URA Boundary/Not TIF-eligible –**

- b. Another major barrier to someone wanting to keep their home is access to the information and resources to prevent foreclosure, deal with utilities or taxes in arrears, or facilitate intergenerational transfer of a home. PHB will seek funds, including a request in the current City budget, to engage community-based organizations to work with homeowners to understand and solve these type of issues, which are not eligible for TIF funding.
9. **Support Changes to Nonprofit Tax Exemption Program –** Oregon's non-profit tax exemption program requires that non-profit housing providers give up their tax exemptions (on individual homes) when a household's income rises above 60% median family income (MFI). This despite the fact that the renter may be working toward increasing their income to buy a home or move to unsubsidized housing. The increased costs are passed on to the nonprofit or the renter. The City will support proposed legislative changes that would allow this exemption to apply to households whose incomes increase during tenancy up to 80% MFI.
10. **Review Multi-Unit Limited Tax Exemption (MULTE) Program –** PHB will explore opportunities to streamline and update the existing MULTE program to increase the number of affordable rental housing units created by the program.

### ***Next Up***

11. **Review Homeowner Property Tax Exemption Programs –** Working with home builders and homeownership-focused non-profits, PHB will explore tax exemption options, in addition to those currently in effect, that would combat displacement of existing low income homeowners and long-time neighborhood residents.
12. **Renter Retention, Homelessness Prevention and Transitions to Homeownership –** PHB will review best practices and seek to increase resources for programs that successfully assist people living in rental units to stay in their homes. Current programs include Short Term Rent Assistance (Self Enhancement Inc., Black Parent Initiative) and transitions to homeownership (PCRI, Hacienda, and others).

## Insuring Land Availability

One of North/Northeast Portland's greatest assets is its tight-knit development pattern, filled with older and historic homes and concentrated commercial corridors. Land desirability combined with scarcity lead to rising prices and pressures on long-standing residents to sell. The next strategy combined with funding of Strategy 4, land banking, seeks to protect properties from market rate development in order to reserve them for affordable housing.

### *Next Up*

13. **Long-Term Property Owners: Property Redevelopment** – Identify ways to provide technical and other assistance to long-term property owners who are interested in developing their property for affordable housing, creating an affordable rental as part of their home, or creating an accessory dwelling unit. Coordinate with the Portland Development Commission's existing programs.

## Supporting Economic Opportunity

PHB's resources not only provide homes for people, they are employment and economic development opportunities. PHB has long-standing policies to ensure that those opportunities benefit women and people of color. As part of this Strategy, PHB will seek to upgrade those policies to make available even greater opportunity for these groups.

### *Immediately*

14. **Minority and Women Subcontracting** – Amend existing PHB Minority, Women and Emerging Small Business program to a) increase subcontracting goals above 20% of construction costs for projects in N/NE Portland; b) create a new, separate goal for soft costs and services; and c) provide resources for technical assistance and leverage relationships to support PHB contracting goals.

### *Next Up*

15. **Workforce Training and Hiring** – Review current best practices for community employment including the use of pre-apprenticeship programs by contractors and subcontractors on PHB-sponsored projects. Provide resources for technical assistance and leverage relationships to support PHB contracting goals.

## New Policies

The urgency of the problem of displacement means that this Strategy focuses heavily on short-term actions and investments. However, PHB and the city as a whole has an opportunity to change policies city-wide that will both create homes in the future and help people stay in their existing homes. PHB will begin work on the next set of strategies immediately, however, due to their nature we expect changes will take place over time.

### *Immediately*

16. **City-wide Displacement Mitigation Strategies** – Upon City Council's direction, PHB, the Bureau of Planning and Sustainability and the Office of Equity and Human Rights will convene other City

bureaus to create policies and strategies to further the goals of the Portland Plan which seek to mitigate involuntary displacement, particularly among vulnerable communities.

17. **Incentive and Inclusionary Zoning** – PHB and the Bureau of Planning and Sustainability will make recommendations to Council for Incentive Zoning policies to increase affordable housing. City Council has already supported and will continue to support the repeal of the prohibition on Inclusionary Zoning in the City of Portland.

## NEXT STEPS

Once these recommendations have been accepted by City Council, there are projects that we are prepared to begin right away and others that will take longer to develop. In addition to the strategies outlined above, we will begin work immediately to form a community-based Oversight Committee (OC). The OC will monitor the real-world results of this work over the next five years, and ensure that PHB and the entities we fund are meeting our commitments to the community. We expect to convene the OC before June 2015.

The first order of business will be to establish a review schedule in order to provide the OC with regular project updates and to report our progress against performance measures, such as the number of households assisted, the number of homes created, the dollars committed, and so on.

Through regular evaluation, we may determine in partnership with the OC that certain strategies are not meeting the desired goals or having the intended impact and we may revise a particular approach accordingly. Together with our stakeholders and community partners, we will craft the implementation of this plan to suit the needs of the community as those needs are understood today. Over time, however, some strategies may rise while others fall down the list, depending on evolving community priorities. In other cases, funding may increase for some of these elements and decrease for others. For these reasons, readers should view this Strategy as a living document, subject to revision according to the real-world results it yields.

While the OC will help guide the work, we will require the assistance and resources of many partners. PHB projects are nearly always accomplished through public-private partnerships. Most of our private partners are non-profit organizations. It is our goal that the implementation of this strategy will allow us to draw on existing partnerships and to form new partnerships with new community organizations. We also expect to develop funding partnerships specific to this Strategy with the Portland Development Commission, Multnomah County, and foundations such as Meyer Memorial Trust and Enterprise Community Partners. In addition, during future City budget cycles, we will work to align the balance of Interstate URA Housing Set Aside funds with these strategies.

Finally, this Strategy was developed with the community and, as such, we hope the community will continue to provide us feedback, to let us know what's working well — and what still needs fixing. We hope that this plan represents the first step in an enduring partnership between the City and the members of this community. We look forward to working with all of you over the next five years and beyond to make this vision a reality.



## ACKNOWLEDGEMENTS

This Strategy is truly a community effort and represents the contributions of countless community partners and hundreds of private citizens, who gave their time, their passion, and their best ideas toward a shared vision for the North/Northeast Portland community. The Portland Housing Bureau would like to give a heartfelt and very special thank you to two people without whom this Strategy would not be possible: Joan Brown-Kline and Bishop Steven Holt. Joan guided us artfully through the early stages as we figured out how to put on the community forums and she did an exceptional job facilitating those discussions. Bishop Holt has been with this idea since the very beginning. His outstanding leadership has been the foundation on which this Strategy stands.

We would also like to thank the following people for their valued partnership and ongoing commitment to this process:

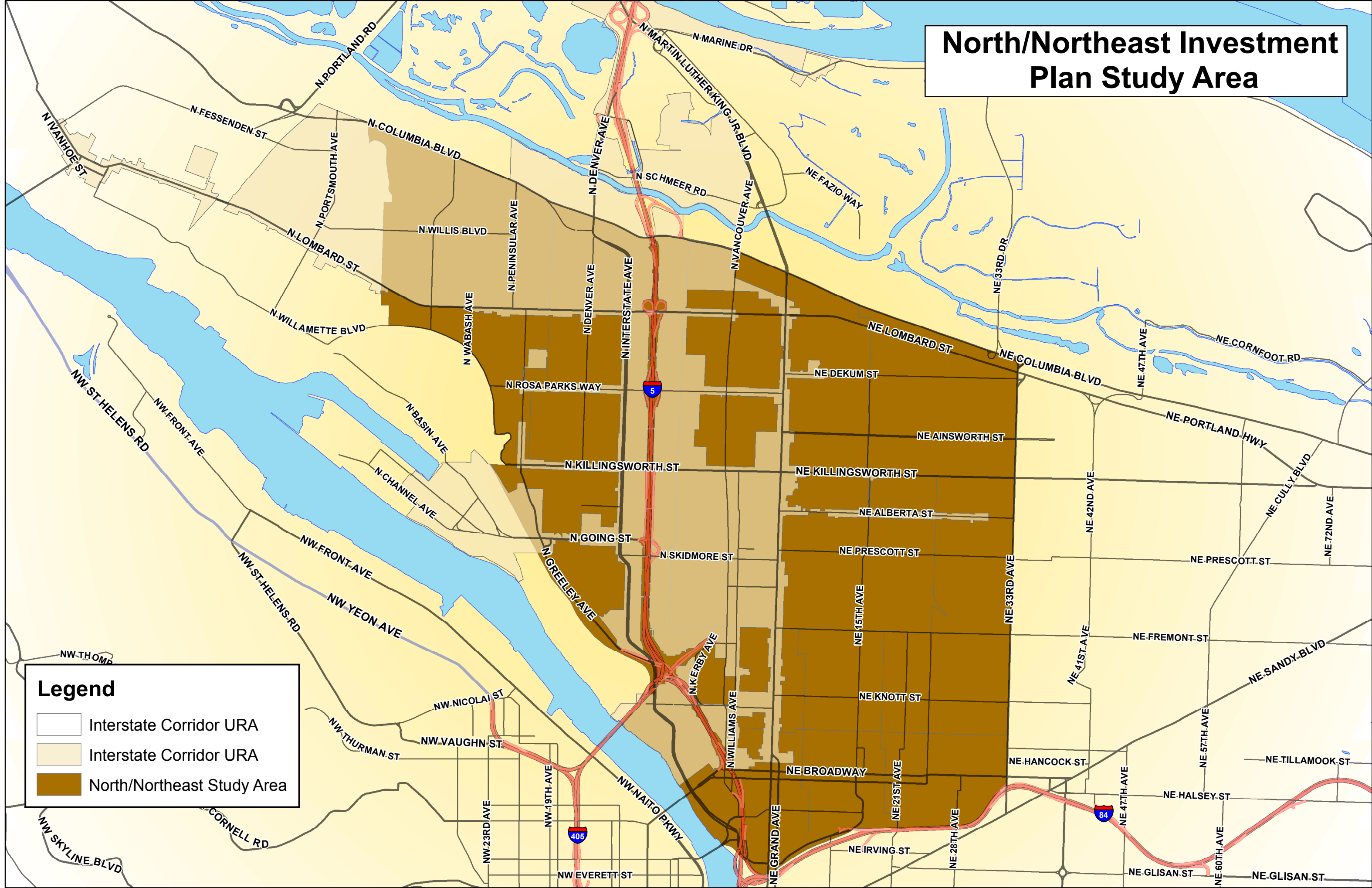
Franklin Alvey, Emmanuel Church  
Michael Alexander, Urban League of Portland  
Dr. Lisa Bates, Portland State University  
Cyreena Boston-Ashby, PAALF  
Franklin Brown, Community Church of God  
Joan Brown-Kline, Facilitation  
Linda Castillo, Latino Network  
Andrew Colas, Colas Construction  
Chris Culver, Metropolitan Community Church of Portland  
Anika Curry, Heaven Bound  
Tony DeFalco, Living Cully  
Paula DePasse Dennis, Blessed Temple  
Maxine Fitzpatrick, PCRI  
Bernie Foster, The Skanner  
Rachel Gilmer, PAALF  
Stephen Green, Albina Community Bank  
Rev. Dr. W.G. Hardy Jr, Highland Christian Center  
Elisa Harrigan, Meyer Memorial Trust  
Bill Hart, Carleton Hart Architecture  
Katrina Holland, Community Member  
Bishop Steven Holt, 11:45 and International Fellowship Family

Tony Hopson, Self Enhancement Inc.  
Debora Leopold Hutchins, Sistas Weekend Cyclers  
Diane Kimes, Anawim Christian Community  
Larry King, Portland Center for Spiritual Living  
George Merriweather, NE Community Fellowship Church  
Beth Neel, Westminster Presbyterian  
Janice Norris, Blessed Temple  
Vernon Norris, Blessed Temple  
Lorenzo Poe, Portland Public Schools  
Marcus Pollard, Emmanuel Church  
Richard Probasco, New Song Community Church  
Midge Purcell, Urban League of Portland  
John Schwiebert, Metanoiah United Methodist Church  
Diane Shaw, Metropolitan Community Church of Portland  
Reverend Lynne Smouse Lopez, Ainsworth United Christian Church  
Dr. Mark Strong, Life Change Christian Center  
Rakeem Washington, The Portland Observer  
C.T. Wells, Emmanuel Church

# North/Northeast Investment Plan Study Area

**Legend**

- Interstate Corridor URA
- Interstate Corridor URA
- North/Northeast Study Area



## IMPACT STATEMENT

**Legislation title:** Accept North/Northeast Neighborhood Housing Strategy

**Contact name:** Traci Manning, Director

**Contact phone:** 503.823.2380

**Presenter name:** Traci Manning, Director

### **Purpose of proposed legislation and background information:**

Mayor Hales with support of housing commissioner Dan Saltzman in March 2014 declared that \$20 million in Interstate Corridor Urban Renewal Area (ICURA) tax increment financing (TIF), should be focused on increasing the supply of affordable housing, in addition to the funds already dedicated to this purpose in the Affordable Housing Set-Aside. Council concurred in the approval of the 2014-15 budget.

The North/Northeast Neighborhood Housing Strategy (NNENHS) lays out a five year plan for investing those resources. Through the Strategy, PHB expects to help at least 200 homeowners stay in their homes. The Bureau also expects to build at least 100 new units and assist 40 families in purchasing homes. In addition, PHB plans to implement several policy and practice changes. These include a new policy which will give housing preference to families that previously lived in the area, but currently live elsewhere. The Bureau will also increase its goals for minority and women participation on its projects. The Bureau will also tackle a number of longer-term strategies.

### **Financial and budgetary impacts:**

The \$20M in ICURA TIF on which the NNENHS depends, had been identified in previous and current budget projections by the Portland Development Commission for use in its program and projects. Through Mayor Hales' action, these funds were made available to PHB and are in addition to the existing Affordable Housing Set-Aside. Because these funds were simply moved from PDC's budget to PHB's, no net change in the overall urban renewal area budget or forecast is expected.

Strategy implementation will be carried out through PHB's partners as well as in-house staff. Strategies in which partners will take the lead include: outreach and case management for individual homeowners, marketing and identification of potential homebuyers, development of multifamily rental buildings and homeownership units. PHB staff will lead and manage most of the Strategy's policy changes. They will also administer the Strategy's homeownership programs and manage and underwrite projects where new homes are developed or existing homes are rehabilitated. No change in PHB staffing is expected as a result of implementing the Strategy. Funding is part of the FY 2014-2015 Revised Budget and will also be part of the PHB FY 2015-2016 Requested Budget.

**Community impacts and community involvement:**

All households moving into rental units will earn 60% or less of median family income (MFI). All people receiving homeownership assistance will earn less than 80% MFI. The Strategy will include a particular focus on households and families that have lived in the area for many years or those who previously lived in the area who have moved out.

PHB could not have developed this Strategy without significant input from the community. To begin the Strategy development process, PHB asked a group of 9 prominent members of the community to provide advice on how to involve the community at large. This resulted in four forums held throughout the impacted geography and areas where the population had been displaced to at which over 450 people attended. In November, PHB published a summary of feedback received at the forums including nearly 350 separate ideas and suggestions. A number of additional comments were received through a dedicated email address or phone line for the project. On December 4, PHB sponsored a meeting of faith leaders from congregations serving residents in North/Northeast Portland; 15 attended. As the last public step in developing this Strategy, PHB asked a number of experts and community leaders to assist PHB staff in culling all the potential strategies. This group met on December 12<sup>th</sup>. Feedback about the process has been overwhelmingly positive with a number of people saying this has been one of the best of its kind they've experienced.

**Budgetary Impact Worksheet**

Does this action change appropriations?

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

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount