



PORTLAND HOUSING BUREAU

Portland Housing Advisory Commission

Tuesday, February 2, 2016

3:00 pm – 5:00pm

Portland Housing Bureau, Ste. 500

421 SW 6th Ave.

Portland, OR 97204

✓ = PHAC public member action item

► = PHB staff member action item

February PHAC Meeting Minutes - FINAL

Members Present: Amy Anderson, Betty Dominguez, Dike Dame, Sarah Zahn, Thomas Brenneke, Wayne Miya, Maxine Fitzpatrick, Nate McCoy, Dan Steffey

Members Excused: Cobi Lewis, Elisa Harrigan, Thomas Brenneke, Stephen Green, Jean DeMaster (LOA)

Staff Present: Matthew Tschabold, Cheyenne Sheehan, Dory Van Bockel, Andrea Matthiessen

Guests Present: Kurt Creager

Agenda Item	Discussion Highlights	Outcomes / Next Steps
Call to Order, Roll Call, and Review of January PHAC minutes.	Sarah calls meeting to order. Cheyenne takes roll call. Betty makes a motion to approve the January minutes. The motion is seconded and carried – minutes approved. Sarah moves the meeting on to public testimony.	
Public Testimony	Ruth Adkins of Oregon ON makes a statement. The area non-profit housing partners are truly appreciative of the advocacy and partnership of PHB and PHAC members in Salem on behalf of lifting the ban on inclusionary zoning, SB 1533 and HB4001. She thinks it was huge seeing Kurt and Sarah as key witnesses, as well as the letter that Dike wrote as one of the preeminent developers in the State. Knowing how hard the team at the City is working on behalf of a shared agenda for housing opportunities – she is grateful. She knows there is a lot more work to do, she encourages interested citizens to contact their senators and representatives in support of the housing agenda. She adds that the voices of the commission members and constituents really do make a difference. They have hope for very positive changes in Salem. Sarah asks Ruth if PHAC members would like to contact representatives can Oregon ON provide a list of email addresses.	

	Ruth responds the easiest way to find representatives, because it's based on where you live would be to Google "find your legislator" and enter your home address – this will tell you who your representatives are. She also adds that if you only have time to send one email, send it to your State Senator because the House is pretty supportive already. Now the task is to convince our State Senators. Senate Bill 1533 would lift the State's ban on inclusionary housing and House Bill 4001 includes tenant protections as well as lifting the ban. You can also get more information at Oregon ON's website at http://oregonon.org/ , but she thinks Oregon Housing Alliance is the best place to go for information at https://www.oregonhousingalliance.org/ . ADMIN NOTE: You can find your Oregon State Legislators by going to this link https://www.oregonlegislature.gov/findyourlegislator/leg-districts.html and entering your address. Dan noticed after closing a house in Washington County that Multnomah County doesn't have a transfer tax. He asks if anyone knows the status of any possible change on that. Ruth responds that she believes there is a Statewide preemption on that through Measure 79 so there is no option for a transfer tax in Multnomah County right now. For this session they are focused on the Inclusionary Zoning (IZ) piece, but there are many other pieces to this puzzle that need attention.	
MULTE Application	Dory Van Bockel begins her presentation on the Multi Unit Limited Tax Exemption (MULTE) application for Sitka Apartments. The presentation includes a description of the MULTE program, the application approval process, applications received and approved in 2015, as well as details on the Sitka Apartments project. A detailed write up on the project can be found here. At the close of the presentation Dory opens the floor to questions. Ed McNamara of Turtle Island Development is in attendance and can answer questions about the project. QUESTION: Why are we limiting the exemption for 10 years? Wouldn't it make more sense to extend it for the duration of the term of affordability rather than have to come back every 10 years to extend the tax exemption?	

	ANSWER: Dory answers that there is a desire to review the project and current guidelines and goals of the City periodically. The expectation is that the tax exemption will be renewed every 10-years, but as the market, program, and goals of the City continue to change, the policy of a review every 10-years, stays in place. QUESTION: Does that same policy exist for non-profits? ANSWER: For non-profits, exemptions are an annual certification. There have been some nonprofit organizations who have used the MULTE or a combination of the MULTE and other programs designed for non-profits. QUESTION: What would happen if the tax exemption for this project was not renewed? ANSWER: Ed McNamara answers that the project would go into the red in as little as a year or two. Because of the 60 years of affordability in the project, they cannot raise the rents. Most of the studios are priced well below what most non-profits charge. They also have a lot of tenants under 30% MFI in the building. Without the tax exemption they would have to raise those rents to the maximum allowable, which they are currently well below. Then more people would be displaced and the project would still be “underwater”. The option at that point would be to give the project back to the City. The other option is that he now has a 50% non-profit partner who he could sign over responsibility to and they could apply for the non-profit abatement and pay less taxes than they are paying currently because they wouldn’t have to pay any taxes on the land. If the current abatement passes, this project will pay about \$97K in taxes on the land in 2016. By using the non-profit abatement they could reduce the taxes they pay the City by about \$80K without changing anything else. At this point, he has chosen not to take this route because they can afford to maintain the status quo. He does agree with Dan that it makes sense to extend the abatement to match with the term of affordability. Dan asks if it is appropriate for the PHAC to make a suggestion on extending the term of the tax abatement beyond 10 years. Javier thinks it is appropriate but cautions that the decision not be made on one proposal, but to think about it as a policy-wide change; particularly when talking about projects that have required affordability periods that are longer than 10 years. Sarah thinks this would also be affected if IZ becomes an option for the City. It’s likely that IZ would have a longer duration than 10 years and the City may want to align the MULTE	
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program. She agrees that it makes sense to align the MULTE with affordability periods to give developers more certainty around revenue projections.

The group is in general agreement with this as long as there are periodic reviews built into the program.

The conversation continues with Ed McNamara suggesting the PHAC look at the study done by EcoNorthwest; when the City took the old MULTE program and combined it with the TOD abatement to create the new MULTE program EcoNorthwest made some recommendations. Their top recommendation was to get rid of the distinction between for-profit and non-profit in the program.

Sarah adds that the six market rate units in the Sitka apartments will be losing the tax exemption even with the extension.

Ed adds that the project originally had the tax exemption on the retail spaces as well – these are small business startups that they worked with to become retail tenants, 4 of the original retail tenants are still in the building 10 years later – and their rents are still affordable compared to the rest of the Pearl neighborhood.

QUESTION: What is the demographic of the tenants living in the Sitka?

ANSWER: Ed doesn't have the numbers with him, but he knows the age demographics are interesting. When the project started most of the tenants were under 35 with a large percentage in the 18-25 range. Over time that has changed and now the age of residents is significantly older. The waiting list is also very long, around 800 people. He believes the racial demographics are slightly more diverse than the Pearl District itself. At one point they took in several families displaced by Hurricane Katrina, but most of those families have moved on. He isn't sure why African Americans don't stay. He wonders if maybe they don't feel comfortable in the neighborhood.

ADMIN NOTE: Ed McNamara subsequently supplied demographic information to the PHAC via email. That information can be found [here](#).

Nate adds that he is interested in the answer to this question for all MULTE projects that come before the PHAC. He recently had a conversation with some students of color who live in Gresham and commute to Portland every day to go to school. Many African Americans who once lived in the city are now being pushed out to the edges of the city due to affordability issues. He is trying to communicate with developers about Outreach to these

	communities as well as tackle concerns about why displaced persons may not feel comfortable living in certain areas. The conversation continues amongst the group with anecdotes and ideas for more diversity in both hiring and tenancy at the Sitka and the Ramona. QUESTION: Do you open and close your waiting list throughout the year? ANSWER: Ed explains that they never close the waiting list. The staff does call people every month and attempts to purge the list periodically by calling the first 100- 200 people on the list and finding out if they would still like to be on it. Dan turns the conversation to social equity and diversity in the management and maintenance of properties. There are opportunities for affirmative outreach that may be being overlooked. There may be opportunities that should be integrated into PHB processes as a condition of the MULTE or at least a reporting requirement. Ted Wheeler recently issued a report about jobs where he talks about growth in the construction field in the next 15 years – an entry level maintenance person who is connected with training could move into those higher paying jobs if more of an attempt was made to make that connection. Ed McNamara suggests a meet and greet with property managers and vendors. Many property managers use Compliance Depot which has various requirements for vendors like insurance etc. This process can be intimidating to some people. Someone like Tony Jones, of Metropolitan Contractor Improvement Partnership (MCIP), guiding them to help them get into that system means vendors would have access to all the big property managers. The conversation continues with concerns about Compliance Depot having no ability to report on whether the vendor is an MWESB firm. This may be changeable by applying pressure. A trade show is suggested by Amy. Nate says MCIP is having something like that this month, but it's focused more on construction. Betty adds that Home Forward in partnership with the City is having an outreach event for minority contracting tomorrow at Legacy Emmanuel. They are reaching out to MWESB and Disabled Veteran Owned businesses.	
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	Betty turns the conversation toward Home Forwards efforts to house ex-offenders in partnership with Mercy Corp. In Portland the “Ban the Box” has been embraced in employment and they are hoping to do something similar for individuals being released from prison needing housing. It’s very hard for them to get housing through third party property management companies. They are planning some pilot programs with third party property management companies. Wayne asks if there is any history of MULTE extensions not being approved when they come before council or at any point in the process. Dory explains that there was a long period where there weren’t applications when the program was being redesigned – so far there have not been any application denials. Extensions on the MULTE are not currently allowed unless there are other affordability restrictions within the project (like tax credits or long term affordability agreements). There is the potential to change this statute, but the current policies and guidelines would need to be reviewed and agreed on in partnership with Multnomah County. The conversation continues with concerns from many in the group how tenants in affordable units created by the MULTE would then be displaced with a 6-month notice, at the end of the 10-year exemption if they could not afford to stay and pay market rent. Javier adds that the City is looking at the possibility of a tax abatement program that can be used on existing properties as opposed to the MULTE which can only be used on newly developed properties in most cases. Sarah thanks Ed for coming in and opens the floor to any other issues the Commissioners may want to discuss. Betty shares that she attended the Metro Equitable Housing Leadership Summit where she had the opportunity to listen to Seattle’s Mayor, Ed Murray, describing how Seattle is tackling challenges related to affordability and livability. She was struck by an initiative called Housing Affordability and Livability Agenda (HALA) and how comprehensive it is. Discussion continues amongst the group on the work Seattle is doing and how Portland’s work compares. Dike states that he was a bit late to the meeting and wants to make sure the group is up to date on Inclusionary Zoning.	
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	Sarah recaps the beginning of the meeting for Dike and Ruth's earlier comments. Dike hopes the politicians can get out of their own way. He thinks this is a great opportunity to do something important. He thinks that all Oregon's cities are different and it makes no sense to have an IZ restriction across the whole state when there are municipalities that can benefit from it. He hopes if passed then government will sit with private parties and figure out a way to make it work. Sarah shares that Commissioner Saltzman is putting forth a resolution at City Council tomorrow that says if the IZ restriction is lifted, Portland is committed to working with a task force comprised of local developers and housing advocates in the rule making process. Being engaged in the process is comforting to the local development community. It looks like the rule making process will be transparent and collaborative. Sarah was at the hearings in Salem this week and heard testimony from many elected officials across the state that they need flexibility regarding lifting the preemptions. She thinks that was good for the policy makers to hear. There may be more rules that need to be brought into the bill on a larger scale, but she thinks it would be best if many rules could be left up to local jurisdictions based on the needs of their communities. Dike is troubled by the reason that the prohibition exists in the first place; because single family detached home builders did not want it imposed. As soon as you start discussing this with homebuilders associations, it opens up the discussion of Urban Growth Boundaries. Nothing will ever get done if that's where the discourse leads. He thinks the IZ needs to be severed from single family subdivisions. Kurt adds that in Oregon in order to lift the preemption in every city and every county it forces the Urban Growth Boundary conversation. In Virginia there are 95 counties but only 3 have authorization to do inclusionary housing. He thinks a simpler way to tackle this in Oregon is to carve Portland and other cities of a certain population, like half a million or more, go forward with it. Worst case, maybe doing a demonstration period in Hood River and Portland for a few years and bringing in other cities later would be the way to go. If the condo market has a resurgence, that would be an opportunity it would be wise not to miss. The problem is so acute and pervasive as to not be able to be ignored any longer. Kurt says there are amendments being offered, some of which he thinks the city could live with. The senate bill will at least move out of committee looking a little different than it does now. On Thursday morning City Council had a legislative breakfast with the entire delegation and the Speaker indicated she would move IZ but she wants to keep the	
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	construction excise tax on the table and leverage it to get something. There is a sunset date on that tax so if it were to lapse we would be able to levy a construction excise tax, which is not possible currently. No one on the council said that was a deal killer. IZ is the city's number one priority. Kurt notes that some of the most articulate testimony came from Dike and Sarah. The senate seemed to be paying close attention to what they had to say. Sarah adds that there was a teacher who testified who was very impressive and brought a focus on how this discussion affects children. Dike and Sarah are going back to Salem tomorrow to do some individual meetings with Senators, many of whom are opposed to IZ. Amy adds she has been trying to get folks from HealthShare's people in Salem to support this bill from the health perspective. Without housing, health issues get worse, costs increase, and more people die from lack of housing. She thinks it would be great if all of the agencies and advocates focused on health outcomes would get behind this bill as well, since health and housing issues are interrelated.	
Good of the Order	Sarah adjourns the meeting. Next meeting is March 2 nd , 2016.	