



# PORTLAND HOUSING BUREAU

Portland Housing Advisory Commission  
Thursday, January 19, 2017  
3:00 p.m. – 4:30pm  
Portland Housing Bureau, Ste. 500  
421 SW 6<sup>th</sup> Ave.  
Portland, OR 97204

✓ = PHAC public member action item  
▶ = PHB staff member action item

## January Meeting Minutes - FINAL

**Members Present:** Amy Anderson, Tom Brenneke, Betty Dominguez, Maxine Fitzpatrick, Nate McCoy, Sarah Zahn

**Members Excused:** Cobi Lewis, Dan Steffey, Dike Dame, Elisa Harrigan, Stephen Green

**Staff Present:** Matthew Tschabold, Cheyenne Sheehan **BAC Staff:** Stella Martinez and Jennifer Chang

**Guests Present:** Mike Johnson (Request Budget), Karl Dinkelspiel, Javier Mena (NOFA)

As always, find all PHAC meeting materials archived at PHAC's website at <http://www.portlandoregon.gov/phb/phac> and click "Meeting Archives" in the gray block on the left side of the page.

Agenda Item	Discussion Highlights	Outcomes / Next Steps
<b>Call to Order, Roll Call, Minutes</b>	Sarah opens the meeting – quorum is reached. Minutes for November and December are approved unanimously. Betty mentions that there are items in the minutes that need to be followed up and she wants to make sure that happens. The PHAC Admin, Cheyenne, keeps track of action items to make sure they are all followed up.  Sarah asks for public testimony.	
<b>Public Testimony</b>	There is no public testimony at this time. There will be another opportunity for public comment during the BAC portion of the meeting if needed.	
<b>Convene as the Budget Advisory Committee (BAC) 2017-18 Request Budget</b>	PHAC convenes the BAC with Stella Martinez and Jennifer Chang acting as PHB staff representatives. Jennifer Chang is substituting for Kim McCarty who was unable to make the meeting today. Mike Johnson presents the <a href="#">PHB 2017-18 Request Budget slides</a> . He begins by saying it was a really interesting and transitional year for PHB with the passage of the affordable housing bond, inclusionary zoning, and more discussion about tenant protections. In this budget in addition to properties PHB has acquired or is in the process of acquiring, PHB will also have to	

**Close BAC**

treat two previously owned PHB properties as city assets which changes the dynamic of how PHB operates.

Slide highlights include;

- PHB's base budget is approximately \$160M, up from approx. \$140M last year
- Budget includes funding sources that were not in existence in the last budget cycle e.g. \$30M of affordable housing bond funds, Inclusionary housing program, TIF Lift funding, and Joint Office of Homeless Services (JOHS) baseline funding of \$15M.
- General Fund (GF) bureaus asked to develop program reduction options and public safety/housing has been asked for 2% reduction options – all other bureaus are being asked for 5% reduction options.
- Ongoing add requests are focused on impacting homelessness, increasing affordable housing, and maintaining critical city infrastructure
- Increasing PHB staff by five positions

See more detail of above highlighted items on slide two of presentation.

Betty asks what are the four buildings PHB owns that Mike mentioned. Mike responds they are Headwaters, Fairfield, the Joyce, and the Ellington.

PHB staff increase of five includes three positions to work on inclusionary housing, an additional asset manager for the properties listed above, and a position to deal with PHB records requests from the public and media as well as organizing PHB records so those requests can be handled more efficiently.

In regards to reduction options, it has been discussed that while PHB has been asked to submit budget reductions of 2%, that ultimately only 1% of those cuts will happen as a hedge for future financial uncertainty, it's also a chance for new city council members to look at their priorities.

PHB's decision add packages include;

- Renter-Landlord Services enhancement which includes rental registry, fair housing work, legal services, rental application funds, and relocation funds

PHB's decision reduction packages include;

- Reduction to JOHS base budget which would impact Short Term Rental Assistance (STRA), reduction of clients by 172, and an add back package for same amount – Mike says this is scalable and can probably be added back
- Reduction to rental rehabilitation program equivalent to one small loan

Betty asks for whom the relocation funds are meant. Jennifer Chang responds that there is an existing contract with Impact NW who operates a relocation program for individuals whose housing may be at risk due to substandard housing conditions (health and safety related housing issues). The relocation funds pay for case management and housing placement staff who work directly with participants and tenants to assist them in finding alternative housing. It doesn't matter if the housing is privately or publicly owned.

Betty asks if the housing can be privately owned it makes her wonder what is going on with code enforcement inspections.

Mike adds that PHB is looking at additional funds for programs that take a holistic approach and enhance rental inspections, funds toward the rental rehabilitation program will start addressing these issues in the private market even though there aren't enough funds to fix the issue, there could be enough to start.

Amy remembers PHAC asking for analysis around outcomes for PHB's existing programs, but she doesn't remember seeing that information. She thinks it would be nice to see more data on evictions etc.

Matt asks for clarification around whether Amy is asking specifically about PHB programs/services or whether she is asking about the private market overall.

Amy answers that she is interested in PHB deliverables around who is being served, program impacts, dollars spent, etc.

Matthew responds that at the December meeting the program outcomes were discussed in the context of the State of Housing Report. He will resend the specific slides with the tables for rental housing, home ownership, home repair, and homeless services which include some of the indicators that Amy is talking about. Amy thinks that data is too weak. She is looking for something more comprehensive that includes how each individual provider is doing in a number

	<p>of areas and their success rates, and what is considered successful in the programs and by the service providers. She thinks the Bureau should start looking at what makes one provider more successful than another and using that information as a way to bolster program success in getting people housed and making sure they keep their housing.</p> <p>Matthew says that information can be disaggregated by PHB and brought to a future meeting. He will work with the data team to take the tables from the last meeting and break them out by provider in order to look at key outcomes, though it may take a little time.</p> <p>Cheyenne suggests another data point that might be helpful, number of people who ask for services that they don't ultimately get for lack of funding or other reasons.</p> <p>Maxine was very disturbed by the lady in the news recently who died during the inclement weather because she lost her housing over \$338.00 – she understands that the lady may have had some mental health issues which contributed to this terrible outcome. Maxine remembers that at one time the city had resources allocated to a few CDCs who then administered emergency funds in order to prevent evictions like this from happening. She has read that the mayor is asking landlords to be sympathetic and forgive rent for February for struggling tenants who lost income due to the inclement weather in January. Income loss in January may put a lot of people at risk of losing their homes in the coming months. She wants to know if it is possible to set aside some funds in the budget for this kind of assistance for tenants living in PHB funded housing.</p> <p>Matthew agrees and states that feedback from the PHAC will be used to craft a letter to the mayor on PHAC's budget priorities that will accompany the request budget. He thinks the best approach is in the context of JOHS and STRA. Right now STRA is administered through Home Forward through a network of community based providers. He adds that there is not an allocation of STRA that is held back to be used only on PHB funded properties. There would either need to be a change in current policy to reserve a portion of STRA funds for tenants of PHB funded properties or there would have to be a <u>new</u> request for funds to be held at PHB or the JOHS that can be accessed by providers of PHB's regulated units to tenants as needed.</p> <p>Betty adds that she had a conversation with the building management from the building that the lady was evicted from, and she wants it noted that you can't force someone to accept help and that there can be all kinds of extenuating circumstances on a case by case basis that can impact a person in similar circumstances.</p>	<p>Matthew will work with the data team to disaggregate program data by service provider and bring that information to a future PHAC meeting.</p>
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Sarah suggests looking to PHB staff, who know the nuances of the contract and the needs, to make recommendations on the best way to handle STRA. She understands there is always a need for more STRA and she would hate to take dollars from the current contractors who are deploying the resource effectively and currently in the community.

Jennifer agrees that there is an existing STRA program in place that is addressing those needs for rent assistance and eviction prevention. It is currently functioning well through the 19 contracted community based partners. This is not to say that additional targeted funds for PHB's regulated housing shouldn't be requested; other jurisdictions like Multnomah County have allocated additional STRA funds to certain programs like the [SUN Community Schools](#).

Betty adds that STRA funds are designed to be eviction prevention and crisis intervention and are generally applied to people who aren't already in regulated units who are at risk of eviction.

Matthew thinks it may be helpful, in the context of the tragedy that happened recently and recent weather events, that the city in the future may want to put in place a temporary allocation of funds to help support tenants in PHB regulated housing to ensure that tenants are not evicted for failure to pay at least during extreme weather conditions. He will work to include some language in the budget letter that addresses this.

Amy thinks it's important to add services for people who are transitioning from State mental hospitals into housing. Many of these folks have mental issues that make them difficult to work with, but that they often have case managers. She thinks a program that has funds set aside for these specific cases would be useful. The case manager could submit the request for the person in crisis and they could be reviewed by PHB to determine which cases are the most serious and should get funding. Many of these mentally ill people have been kicked out of their housing and service providers because of behavioral problems. The community is trying to build a work force called Peer Delivered Services that pairs people with similar life experiences go out and investigate the situation and make recommendations for services. She thinks it would be good to document the issues the person is having and the reasons why they are having a difficult time keeping their housing, then the case manager or provider can ask for funding on behalf of the client.

Matthew thinks it is possible for the city to have a set of funds and a review process for the allocation of those funds for rent assistance in PHB's regulated portfolio to try and avoid these situations in the future. He will work on the language in the budget letter.

Amy adds that the woman who was evicted and died was living in the same building that her friend Pam Long came and testified about at a recent meeting. There have been a lot of issues with that building and she thinks there might be others at risk in that building.

Mike continues that the budget from the JOHS has not yet been received. He thinks it will be roughly the status quo from last year regarding funding levels – the initial baseline last year was around \$15M and about \$10M in grant funds bringing the total to roughly \$25M.

Betty states strongly that any reduction to STRA would be a big mistake. There are already not enough funds to meet the needs and it is so necessary to prevent homelessness that she advocates looking somewhere else for cuts.

Sarah adds that in the past, when funds have been cut from shelter space, it basically closes the shelter. She wonders the best strategic positioning for cuts might be.

The conversation continues about what the BAC's recommendations should be for making the proscribed cuts to the budget.

Matthew shares a point of clarification; that there has been a struggle over the past year regarding what is the role of PHAC versus the role of AHFE Coordinating Board which is the strategic body for JOHS. He wants to be deferential to the JOHS and the process that the Mayor and the County Chair agreed to around the decision making for services, funding, and policy. He thinks where PHAC can weigh in is in the budget recommendation letter. It can be acknowledged there that the JOHS is a joint venture by the city and the county with a coordinating board and an executive board to provide strategic guidance but that from PHAC's perspective cuts to STRA would be less than ideal, and then list reasons.

Sarah continues by saying that on a conceptual level she would like to see PHAC stress that at this time in our community any cuts to homeless services or eviction prevention would be seen as very negative and painful to accept.

Matthew tells the BAC that in the context of the letter and the 2% budget cuts, if they want to suggest that STRA/homeless services don't support a cut given the current environment, then PHAC should also give an alternate suggestion as to what services could more readily bear a cut.

Kurt adds that it's helpful to know that the Intergovernmental Agreement (IGA) with the County that created the Joint Office has a cost of living adjustment escalator built into it of a minimum

	<p>of 2.25% so he suggests being mindful that the baseline is subject this inflation escalator. So knowing that the 2% cut exercise will most likely drop to a 1% cut in reality, there will essentially be a net increase overall.</p> <p>Matthew asks the BAC to think about these budget issues and send him any additional feedback they feel is important in the context of the budget recommendation letter which will go to the City Budget Office, the Mayor’s Office, and City Council. Matthew will draft the letter and send it to PHAC for final review before submitting along with PHB’s budget submission.</p> <p>Betty asks if PHAC will get to see the budget spreadsheets before they are finalized. Matthew responds that yes, those can be made available and send to PHAC with the letter.</p> <p>Sarah closes this agenda item as time is running short due to another meeting directly following today’s PHAC. Sarah asks if there is any public testimony on the budget. There is none.</p> <p>Sarah adjourns the BAC and reconvenes the PHAC.</p>	<p>Matthew will craft the budget recommendation letter using feedback from BAC to submit with PHB’s budget.</p> <p>Matthew will send budget spreadsheets and final draft of letter before it is submitted.</p>
<p><b>2017 NOFA</b></p>	<p>Karl Dinkelspiel speaks on the 2017 NOFA – there are no presentation slides. PHB will release a Notice of Funding Availability (NOFA) on Monday along with a Request for Interest (RFI).</p> <p>The NOFA will be the ninth NOFA for PHB and will focus only on Interstate Corridor Urban Renewal Area (ICURA) funds. The funds available are between \$11- \$13 Million. Of that, \$4M is proposed for rental housing development and the remaining will focus on multi-family home ownership opportunities – condominiums. Condos are a new area for PHB, and important because there is a real need for affordable home ownership opportunities, especially in ICURA. As part of that, the 5020 N. Interstate site, which PHB bought in 2016 will be made available and combined with Interstate Tax Increment Financing (TIF) amounting to between \$4M to \$5M for a condo project. Whatever is left over from the home ownership dollars will be made available for other multi-family home ownership projects.</p> <p>The rental housing NOFA will be nearly identical to the 2015 NOFA. The differences will be around the submittal requirements and the actual project budgets. PHB has not developed a standardized format for project budgets.</p> <p>In regards to the RFI, preservation projects have been part of all PHB’s solicitations, though they have not generally scored very well, and are not regularly funded. This is the first step of a 2-3</p>	

step process where PHB is asking the community to share their ideas and proposals for preservation projects so that PHB can review them. The next step will be evaluating those proposals. After which there will be a decision about whether to fund some of those proposals or to release a more traditional NOFA.

Tom asks what the income target is for the condo project and Karl responds that it is for 80% AMI households of two bedrooms or less and 100% AMI for three bedroom units and larger.

Nate asks how the decision was made to develop condos for affordable home ownership.

Javier Mena responds that for clarification, the site at 5020 N. Interstate is being looked at to develop condos in order to maximize the density at the site. For the remaining home ownership funds, they aren't specific to condo development and PHB is interested in looking at other options for homeownership development. Helping lower income families buy homes in ICURA through the down payment assistance loan (DPAL) has been very challenging due to extremely high sales prices, and thus high down payment requirements. It makes sense to investigate and develop resources at the front end by asking for proposals that will be reviewed for viability based on unit numbers, sizes, etc.

Amy asks about HOA fees for condos and how that will be calculated in order to make sure that homebuyers can afford those additional costs on the back end.

Javier responds that on a condo structure it is not unusual for HOA fees to be higher than the mortgage itself. PHB is looking at its own budget to determine the best way to structure, with Bureau assistance, those reserves for the HOA that will in turn allow for a lower monthly premium for the residents.

Nate asks if PHB has done an equity or market analysis to see if condos will benefit people in the community. He thinks that usually higher income people are more attracted to condos. He doesn't think minority communities will flock to live in condos.

Javier responds that PHB has not done a study or analysis on equity and condo development. The reality is that options for homeownership in ICURA are less and less available for lower income families. PHB has heard that there is interest for condo development and any units developed in ICURA will be subject to the Preference Policy. When the Bureau does a call out to the community for interest in condos for homeownership we will know more when people apply for those units through the Preference Policy period application period.



Maxine comments that this has happened already and there was no significant interest in condos. She also asks how condos fit into the N/NE Housing Strategy.

Leslie Goodlow, staff to the N/NE Oversight Committee and PHB Business Operations Manager, responds to Maxine saying that the Oversight Committee has reviewed and discussed condos. The concern with the previous condo proposal was that they were micro-condos. The condos being proposed now are family sized and the Oversight Committee is supporting the RFP for the property at 5020 N. Interstate because it will provide homeownership opportunity. Although the majority of people want a single family home with a yard, this is not feasible for lower income families due to exorbitantly high property values and production costs. This project would provide opportunity for 30-40 families to buy a home in N/NE Portland. PHB believes that there is a market for these condos at this particular site.

Javier adds that in regards to the Preference Policy the message that was originally sent to potential homebuyers did not have any information about condos, it just talked about home ownership. The next communications on the Preference Policy will be specific to condos so those that submit their information for consideration will know that is what they are applying for.

Maxine stresses that she isn't so interested in the Oversight Committee's opinion on condos. She wants to know what the community has said through the recent community engagement efforts.

Leslie answers that the community's emphasis was on family sized units.

There is a heated discussion amongst some members regarding whether or not condos should be the sole consideration for the site regardless of unit size.

Karl explains that the price at purchase will be around \$250K and a subsidy will be used for either a retention or recapture model to buy that price down to the 80-100% AMI level.

Maxine thinks everyone realizes that affordable single family homes in ICURA are an impossibility at this point – when they could have, the City and the lenders wouldn't allow it. She is still very uncomfortable with this condo housing model without feedback from the community.

Leslie adds that PHB hosted five community forums and attendees were given the option to vote for multifamily rentals were always the third choice. Single family homeownership was always the first choice, multifamily homeownership was second, and multifamily rental was third.

Amy wonders if maybe the community members attending the forums aren't really the people that these programs were meant for and that might be skewing results.

Leslie responds that 80% of the people surveyed who attended the events answered that they felt they were at risk of displacement so she does feel comfortable that the intended audience for these programs was well represented and Betty agrees.

Javier adds that at those meetings there was a vast interest in homeownership, and the type of homeownership didn't matter as much as the opportunity for some kind of homeownership – he thinks that was a common theme at all of the forums.

Karl also adds, that at the price point that they are offering for the condos is in extremely short supply in ICURA, if it exists at all – and the final price to the buyers after the PHB subsidy will be about \$150K which makes it more achievable for lower income families.

Nate doesn't feel negative about the project, but he wonders as the building ages and things start to break down, how that might affect lower income owners and how undue burden on the homeowners can be handled. He wants to know if this is something that PHB has considered.

Karl responds that PHB would offer as part of the development package that many of these kinds of costs would be rolled into the purchase price of the condo. There will still be HOA fees required of owners, but they would be significantly less and would be part of a potential buyer's qualification process through their lender.

Sarah is curious about the status of the existing PHB pipeline due to current market turmoil around tax credit and construction pricing etc. She is curious about how these are affecting PHB's portfolio and budgeting and how this might affect the Bureau's ability to fund future development.

Karl responds that construction pricing has continually gone up over the last few years. There have been requests from all of PHB's projects in the permitting phase for additional funds. The Bureau approves those requests on a case by case basis. In regards to Low Income Housing Tax Credit (LIHTC) pricing, for ICURA funds, is to reserve a portion of the PHB budget with the assumption that there will be additional asks. This is something that will probably apply in other URA's and non-URA projects as well.

Kurt adds, getting back to the 5020 condo project, that during the Inclusionary Housing debate with the panel of experts, the term of the regulatory agreements was deemed to be 99 years. PHB is of the belief that it's unfair to hold private developers to a 99-year regulatory agreement

	<p>and not hold direct financed projects to the same commitment. It has currently and traditionally been a 60-year affordability requirement. The city’s intention is to standardize to 99 years across the board. It is also worth mentioning that there is a viable and functioning minority owned business on the corner of Alberta and Interstate which is the seller of the previous real estate. PHB would like to give preference to condo structures that create a commercial corner there. Rather than displace that business, the idea is to keep it on the premises and accommodate commercial parking for the business. PDC would likely be asked to help with tenant improvements for that business space.</p> <p>Sarah closes this agenda item.</p>	
<p><b>2017 City Legislative Agenda</b></p>	<p>Matthew presents the <a href="#">City of Portland 2017 State Legislative Agenda</a> and the <a href="#">City of Portland 2017 Federal Legislative Agenda</a>. These agendas were unanimously adopted by City Council today.</p> <p>There were a couple of changes to the Housing related items from the draft agenda that Matthew sent out in December.</p> <p>Starting with Federal Legislative Agenda, Government Relations has grouped the items into three topic areas. 1) Affordable Housing – primarily direct funding and tax credits 2) Homeless Assistance – direct funding and policy 3) Supportive Services – sourced primarily from the City’s partnership with the county and JOHS. This agenda is presented to ensure a level of baseline funding, continued utilization of LIHTC, and the supportive services that accompany them. One controversial issue was put forward by Senator Wyden to create a Middle Income Housing Tax Credit (MIHTC). There has been concern nationally within industry associations that an MIHTC could shift development away from utilization of LIHTC because MIHTC may be more attractive to an owner or developer. There is a belief in the industry that if additional tax credit authority is granted, it should probably just go to LIHTC. Given the current make up of congress and the President Elect, Matthew isn’t sure where Senator Wyden’s proposal will go, but PHB recommended that the City not take a position on the MIHTC at this time.</p> <p>Amy announces that the Medicaid waiver did not pass for housing and transportation, so there will not be special funding for housing using Medicaid dollars. She also adds that the Portland Police have made an arrangement so that EMS will now pick up mental health clients instead of the police transporting them. She thinks this may save money under Public Safety.</p> <p>As for the State Legislative Agenda there are City priorities included. The Office of Government Relations takes direction from City Council to work the issues as priorities of the City of Portland</p>	

	<p>in the 2017 Legislative Agenda. The three priorities are 1) Establish a Just Cause Eviction Standard in State law, but it could also be a delegation of authority to local jurisdictions to establish the standard. 2) To allow for rent stabilization policies which would lift the preemption on rent stabilization in the state and allow local jurisdictions to make their own decisions locally and 3) Increasing funding for affordable housing and homeless services.</p> <p>In regards to the just cause standard, at the state level it is about establishing or not establishing such a standard and not about lifting a current preemption. With respect to rent stabilization it is a little more split at the state level. Some are looking for a rent stabilization statute to be established at the state level or delegated to a state agency. Others are asking that the preemption be lifted and any rent stabilization activities can then take place at the local level based on local needs.</p> <p>Tom asks if discussions are being held at the City regarding any rent stabilization policies. Tom thinks any kind of rent control is a terrible idea.</p> <p>Matthew responds that those discussions are not being held at this time by PHB or the City. But there are conversations being had on both sides of the issue regarding what might happen if the preemption were lifted. Hypothetically, if the preemption were lifted the Housing Bureau would take direction from the Mayor on any next steps.</p> <p>If the PHAC would like to take rent stabilization up as an issue and take a position on rent stabilization or the just cause standard, that is within the scope of PHAC's responsibility to advise the Bureau and Council. This is a different situation from a bond referral where PHAC was not allowed to take a position.</p>	
<b>Good of the Order</b>	Sarah adjourns the meeting.	