



CITY OF  
**PORTLAND, OREGON**

**OFFICIAL  
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **1<sup>ST</sup> DAY OF FEBRUARY, 2017** AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Wheeler, Presiding; Commissioners Eudaly, Fish, Fritz and Saltzman, 5.

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Denis Vannier, Senior Deputy City Attorney; and Mike Cohen and Mike Miller, Sergeants at Arms.

Item No. 94 was pulled for discussion and on a Y-5 roll call, the balance of the Consent Agenda was adopted.

The meeting recessed at 9:41 a.m. and reconvened at 9:57 a.m.  
The meeting recessed at 11:04 a.m. and reconvened at 11:15 a.m.

<b>COMMUNICATIONS</b>		<b>Disposition:</b>
<b>87</b>	Request of Lightning Super Watchdog PDX to address Council regarding Portland Harbor Super Fund (Communication)	<b>PLACED ON FILE</b>
<b>88</b>	Request of Shedrick J. Wilkins to address Council regarding free Community College, free Healthcare (Communication)	<b>PLACED ON FILE</b>
<b>89</b>	Request of Chris Sanderson to address Council regarding standards for fence construction (Communication)	<b>PLACED ON FILE</b>
<b>90</b>	Request of Jim Whittenburg, R.Ph. to address Council regarding Yard Apartments development fees, MACG agreements, Portland Building (Communication)	<b>PLACED ON FILE</b>
<b>91</b>	Request of David Kif Davis to address Council regarding civility is a 2-way street (Communication)	<b>PLACED ON FILE</b>
<b>CONSENT AGENDA – NO DISCUSSION</b>		
<b>Mayor Ted Wheeler</b>		
<b>Bureau of Planning &amp; Sustainability</b>		

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*92	<p>Authorize grant agreement with Earth Advantage in the amount of \$86,748 to implement the Climate Action Plan building energy actions (Ordinance) (Y-5)</p>	<p><b>188213</b></p>
*93	<p>Authorize grant agreement with New Buildings Institute in the amount of \$26,968 to implement the Climate Action Plan building energy actions (Ordinance) (Y-5)</p>	<p><b>188214</b></p>
<p><b>Office of Management and Finance</b></p>		
*94	<p>Authorize a 39-month sub-lease with Premera Blue Cross for space at 2020 SW 4th Ave, known as CH2M Center, for use by Bureau of Development Services for approximately \$1,645,445 (Ordinance) (Y-5)</p>	<p><b>188218</b></p>
95	<p>Amend Tax on Recreational Marijuana Sales to match the State of Oregon's administrative provisions for the collection of Oregon's retail recreational marijuana tax (Second Reading Agenda 73; amend Code Chapter 6.07) (Y-5)</p>	<p><b>188215</b></p>
<p><b>Commissioner Dan Saltzman</b> <b>Bureau of Transportation</b></p>		
96	<p>Amend Vision Zero Graphic Design &amp; Identity contract with Ryan Sullivan dba Paste in Place to increase contract amount by \$38,000 to provide additional graphic design and identity services for Safe Routes to School and Active Transportation and Safety Division (Second Reading Agenda 75; amend Contract No. 30004642) (Y-5)</p>	<p><b>188216</b></p>
<p><b>REGULAR AGENDA</b></p> <p><b>Mayor Ted Wheeler</b> <b>Bureau of Planning &amp; Sustainability</b></p>		
97	<p>Authorize an Intergovernmental Agreement with the City of Beaverton and Metro to revise the urban service boundary for the unincorporated areas between the Cities of Beaverton and Portland (Ordinance)</p>	<p><b>PASSED TO SECOND READING FEBRUARY 8, 2017 AT 9:30 AM</b></p>
<p><b>Office of Management and Finance</b></p>		
98	<p>Accept bid of Moore Excavation Inc. for the Woodlawn-King Alley Sewer Rehabilitation project for \$3,349,058 (Procurement Report – Bid No. 00000458) <b>Motion to accept amended Impact Statement to correct project amount:</b> Moved by Fish and seconded by Fritz. (Y-5) <b>Motion to accept report as amended:</b> Moved by Fish and seconded by Fritz. (Y-5)</p>	<p><b>ACCEPTED AS AMENDED PREPARE CONTRACT</b></p>

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<p><b>99</b></p>	<p>Authorize a five-year Price Agreement for purchase of security services for SmartPark Garages and the Portland Streetcar Facility for an amount not to exceed \$4,000,000 (Procurement Report – Project No. 119384)</p>	<p><b>REFERRED TO COMMISSIONER OF FINANCE AND ADMINISTRATION</b></p>
<p><b>Portland Housing Bureau</b></p>		<p><b>REFERRED TO COMMISSIONER OF FINANCE AND ADMINISTRATION</b></p>
<p><b>100</b></p>	<p>Direct the Portland Housing Bureau to adopt an administrative rulemaking procedure (Resolution)</p>	<p><b>REFERRED TO COMMISSIONER OF FINANCE AND ADMINISTRATION</b></p>
<p><b>Commissioner Nick Fish Bureau of Environmental Services</b></p>		<p><b>188217</b></p>
<p><b>101</b></p>	<p>Authorize a contract with the lowest responsible bidder for construction of the Southeast Interceptor Rehabilitation Project No. E10030 for \$4,347,967 (Second Reading Agenda 80) (Y-5)</p>	<p><b>188217</b></p>
<p><b>FOUR-FIFTHS AGENDA Mayor Ted Wheeler</b></p>		<p><b>CONFIRMED</b></p>
<p><b>101-1</b></p>	<p>Appoint Mike Weedall, Ted Labbe, Micah Meskel and Scott Robinson to the Portland Utility Board (Report) <b>Motion to accept the report:</b> Moved by Fish and seconded by Fritz. (Y-4; Eudaly absent)</p>	<p><b>CONFIRMED</b></p>

At 11:23 a.m., Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **1<sup>ST</sup> DAY OF FEBRUARY, 2017** AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Wheeler, Presiding; Commissioners Eudaly, Fish, Fritz and Saltzman, 5.

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Ben Walters, Chief Deputy City Attorney; and John Paolazzi and Mike Miller, Sergeants at Arms.

The meeting recessed at 4:13 p.m. and reconvened at 4:24 p.m.

		<b>Disposition:</b>
<b>102</b>	<b>TIME CERTAIN: 2:00 PM</b> – Accept the City of Portland Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2016 (Report introduced by Mayor Wheeler) 30 minutes requested <b>Motion to accept report:</b> Moved by Fish and seconded by Fritz. (Y-5)	<b>ACCEPTED</b>
<b>103</b>	Results of Financial Audit of the City Comprehensive Annual Financial Report for FY 2015-16 and related communications (Report introduced by Auditor Hull Caballero) 45 minutes requested <b>Motion to accept report:</b> Moved by Fish and seconded by Fritz. (Y-5)	<b>ACCEPTED</b>

Continued on next page.

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**104 TIME CERTAIN: 3:15 PM** – Place a measure on the May 16, 2017 ballot to amend City Charter provisions to protect Auditor’s independence (Previous Agenda 85; Resolution introduced by Auditor Mary Hull Caballero) 1 hour requested

**Move the consensus replacement exhibit A:** Moved by Wheeler and seconded by Fish. (Vote not called.)

**Move the Auditor’s proposed amendments # 2 and #3:** Moved by Wheeler and seconded by Fish. (Vote not called.)

**Mayor withdraws Mayor #1 amendment regarding collective bargaining from the Amendment Matrix. These are included in the consensus replacement exhibit A.**

**Commissioner Fish withdraws Fish amendment #1 on Amendment Matrix.**

**Motion to accept Fish amendment #2, word 2-504 “The salary of the Auditor shall be the same as a City Commissioner”:** Moved by Fritz and seconded for discussion by Fish. (No vote taken.)

**Motion to move Fish amendment #2, 2-504 to read “Effective January 1, 2019, the salary of the Auditor shall be the same as a City Commissioner:** Moved by Fish and seconded by Eudaly. (Y-4; N-1 Fritz)

**Fish #3 on behalf of League of Women Voters. 2-506a is included in Replacement Exhibit A. 2-506g is withdrawn by Fish.**

**Move Saltzman #1 amendment to remove Ombudsman from Charter Section 2-509 and 2-507(5)(a):** Moved by Fish and seconded by Saltzman. (Y-1 Saltzman; N-4 Fritz, Fish, Eudaly, Wheeler) Motion fails.

**Fritz amendment #1 qualifications. #1a Withdrawn by Fritz.**

**Motion to accept Fritz amendment #1b, minus last sentence Section 506(c) Internal Controls and Periodic Review:** Moved by Fritz and seconded by Fish.

**Motion to withdraw last sentence of 1b:** Moved by Fish and seconded by Fritz. (Y-5)

**Motion on 1b Fritz original amendment as amended:** (Y-5)

**Move Auditor’s 2-505 Budget amendment (Auditor amendment #3):** Moved by Fritz and seconded by Fish.

**Move to amend to delete the carry-over sentence:** Moved by Fritz and second by Fish. (Y-5)

**Motion on main motion as amended:** (Y-5)

**Fritz #2 amendment withdrawn.**

**Fritz #3-5 consensus in replacement exhibit.**

**Vote on Resolution as amended:** (Y-5)

**37265**  
AS AMENDED

At 4:38 p.m., Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **2<sup>ND</sup> DAY OF FEBRUARY, 2017** AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Wheeler, Presiding; Commissioners Eudaly, Fish, Fritz and Saltzman, 5.

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Jason Loos, Deputy City Attorney and Jim Wood and Elia Saolele, Sergeants at Arms.

The meeting recessed at 4:44 p.m. and reconvened at 4:56 p.m.

The meeting recessed at 6:04 p.m. and reconvened at 6:17 p.m.

	<b>Disposition:</b>
<p><b>*105</b>      <b>TIME CERTAIN: 2:00 PM</b> – Amend Affordable Housing Preservation and Portland Renter Protections to add relocation assistance for involuntary displacements of tenants (Ordinance introduced by Mayor Wheeler and Commissioner Eudaly; amend Code Section 30.01.085) 3 hours requested for items 105 and 106.</p> <p><b>Motion to give an interim delegation to the director of housing bureau to be authorized to resolve any hardship applications that are presented to him or her on an interim basis:</b> Moved by Fish and seconded by Wheeler. (Motion withdrawn.)</p> <p><b>Motion to accept Eudaly amendments to subsections B and E; amend B to change time period not less than 75 days to not less than 45 days; add E(1) and (2) regarding termination or increase of rent notices given as of the effective date of the ordinance:</b> Moved by Eudaly and seconded by Fish. (Y-5)</p> <p><b>Motion to change Subsection B “not more than 1 year” to “for a set period of time” and consider exemption for small landlords:</b> Moved by Fritz and seconded by Wheeler. (Vote not called.)</p> <p><b>Direct Portland Housing Bureau to establish an advisory body comprised of representatives from landlords, tenants and other interested parties to review any proposed changes to the law and to report to Council as needed, but at least prior to October 7, 2017:</b> Moved by Fish and seconded by Wheeler. (Y-5)</p> <p><b>Motion to add to Subsection B “or to Landlord who rents out or leases out only one Dwelling Unit in the City of Portland:</b> Moved by Fritz and seconded by Fish. (Y-4; N-1 Eudaly)</p> <p><b>Motion to change Subsection B “Landlord’s absence of not more than 1 year” to “3 years”:</b> Moved by Fritz and seconded by Fish. (Y-5)</p> <p><b>Motion to mirror Subsection B amendment regarding one Dwelling Unit is Subsection C:</b> Moved by Fritz and seconded by Fish. (Y-5)</p> <p><b>Motion to mirror Subsection B amendment regarding Landlord absence of not more than 3 years in Subsection C:</b> Moved by Fritz and seconded by Fish. (Y-5)</p> <p><b>Vote on Ordinance as amended:</b> (Y-5)</p>	<p style="text-align: center;"><b>188219</b> AS AMENDED</p>

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**106**

Direct permitting bureaus to review development fees and charges and collaboratively formulate a plan to waive fees for qualified affordable housing and reduce fees for other residential developments for the duration of the Housing State of Emergency (Resolution introduced by Mayor Wheeler and Commissioner Eudaly)

**REFERRED TO  
COMMISSIONER OF  
FINANCE AND  
ADMINISTRATION**

At 8:03 p.m., Council adjourned.

**MARY HULL CABALLERO**  
Auditor of the City of Portland



By Karla Moore-Love  
Clerk of the Council

For a discussion of agenda items, please consult the following Closed Caption File.

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Closed Caption File of Portland City Council Meeting

**This file was produced through the closed captioning process for the televised City Council broadcast and should not be considered a verbatim transcript.**

**Key: \*\*\*\*\* means unidentified speaker.**

**FEBRUARY 1, 2017 9:30AM**

**Wheeler:** Good morning everyone this is the Wednesday February 1st meeting of the Portland city council. Clerk please call the roll.

**Fritz:** Here **Fish:** Here **Saltzman:** Here **Eudaly:** Here **Wheeler:** Here

**Wheeler:** Please go ahead and call the first item.

**Item 87.**

**Wheeler:** Good morning. Three minutes, name for the record, thank you.

**Lightning Super Watchdog PDX:** Good morning, I am lightning, I represent lightning super watchdog pdx, multco. One of the items I'll first discuss is on that Portland Building I am at total disagreement with the previous mayor hales on his outrageous \$195 million on that property. I understand another \$18 million might be proposed to add to that number. From my position I would like the city of Portland to put that on the shelf, stop that in process. I want them to purchase where the old courthouse is, demolish that, build a nice brand new building there, do a sale lease-back on the Portland building to bring in a tremendous amount of money at this time. Throw all those costs of that dog with fleas towards that new investor, and they can buy that and take all those costs off of the city of Portland's hands. We have a great building. Work with Multnomah county and build something very nice, which will be suitable for the people and tenants in that building instead of reducing them down into a small cardboard box. Issue two, superfund, I am taking a strong position against the epa on this. I agree with everything that you have done up to this point, except I want to see any potential responsible party, complete and full indemnification, held harmless, of any contamination on that river in front of their properties after you negotiate the agreed upon price with them, that they are willing to pay. Again, I want it to be understood before they pay you anything, I want agreements with them for full indemnification and be removed from any and all liability to these business owners. At that point it will fall back on of the municipalities, their insurance policies, and also your ability to get a superfund tax into place. Again, I want to see an aggressive, dredging program implemented immediately. I want to see you start dredging that river by July 1st, the best time to start dredging up to middle of October. I want to start seeing you doing something, not talking about this like you have done in the last 15 years. Begin removing contaminated sediment out of that contaminated river, which a lot of people in here, whether you like it or not, may be partially responsible on that list. Again begin the dredging plan. And that's going to go out for many, many years, and continue to work with the epa. Thank you.

**Wheeler:** Thank you. Next item please.

**Item 88.**

**Shedrick Wilkins:** Good morning, I was going to go to Salem for the first day of the legislature but because I was going to take an Amtrak train I was afraid that I would get snowed in and not get back here and have to work tomorrow so I didn't go to Salem. I have something to say. I have decided something about healthcare, community colleges and food stamps. I don't agree with the trump administration. I think that everybody



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regardless of their residency status as an Oregon resident should get food stamps. I think that they should also get healthcare. Healthy kids, for example, does not cover non-Oregon residents. I think that it should. I think that we should expand the Oregon health plan to cover everybody, and I also believe that if you do such things, you may have to ration the healthcare. One of the reasons why is we have super medicine right now that can keep people alive even though they are half dead, and it cost a lot of money, and actually it's something that people need to think about. Machines can keep you alive even though you are probably dead. And that needs to stop. So intrinsically we have medicine now that can do these sort of things, and people need to think about it. Are you really alive just because your heart is beating? So maybe, too, I think there is a movement to have free community colleges, which I agree, people say that a university is education, but I believe, too, that the community college is better, and so I even believe that we should ration education. But what I don't like is whatever I feel is everybody is entitled to these things. If they live here. As far as I am concerned mayor wheeler if you get sick you should go to a hospital and get healthcare, say you are another name. You probably have to declare it even though you are rich with something it does not matter to me. It's not in everybody's interests for you to die. And so -- to stay alive. You should just say you are a different name, you know, and get healthcare, right, you should not have to declare your income. You should not have to say you are from Syria. You should not have to say that you are from Mexico, ok. The reason why you have to declare some sort of identity is that you might be allergic to something and go into shock and sue them. But I don't think that that should happen. You should really say, this name, and this is a characteristic of your body and they are treating your body. But you should be able to go to a doctor, too. We should work on that, so it's like the library. The libraries, you can get a book, read one, and the purpose of a library is to read a book. Not to own it, it's the same thing with healthcare education, but one has to think about rationing. I was a democrat but now I'm an independent because my purpose in the legislature, if I go down there, to talk to the republicans into these things, and because that's the hard part. They are very, very frugal, and they are into rationing but I have to convince them that their half. Oregon voters are republican. Doesn't do me anything to teach to the choir. Ok.

**Wheeler:** I appreciate it. See you next time. Next item, please, Karla.

**Item 89.**

**Wheeler:** Good morning.

**Christopher Sanderson:** I am Christopher Sanderson. I am the owner of a contracting business called build or buy bike.

\*\*\*\*\*: We have an emergency shelter meeting for the homeless.

**Wheeler:** Excuse me. This is not the right time or the place. Thank you. You are treading on other people's ability to be heard.

\*\*\*\*\*: We were going to have a meeting.

**Wheeler:** I met with you last week.

\*\*\*\*\*: This is everything that we need to happen here. We are going to call a, a ten-minute recess. Don't go away.

**At 9:41 a.m. council recessed.**

**At 9:57 a.m. council reconvened.**

**Wheeler:** We are back in session Mr. Sanderson if you could be patient for one more minute. I moved away from reading this script because I hoped we wouldn't have to, but I've been advised by legal counsel that I now have to read this script before every meeting. It's self-evident, but apparently I have to read this anyway, I want to say a few words regarding council proceedings and maintaining decorum, the purpose of council meetings is to engage with and hear recommendations from the community on the public's business.

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In order for us to hear from everyone, and to give due consideration to matters before the council, we must all endeavor to preserve the order and decorum of the meetings. To make sure that the process is clear for everyone, both those here and those watching on their computers or tvs, I want to review some public testimony guidelines. My hope is that these details help everyone to feel comfortable and included and also ensure that the decorum is maintained. During the meeting, there are two opportunities for public participation. Communications, and we're in the middle of that right now. And communications items are the opportunity to briefly speak about any subject, these items are scheduled in advance. With the council clerk's office. First readings the reports, resolutions, and ordinances. Public testimony of these items must address the matter being considered at the time. Please state your name for the record. We don't need your address. If you are a lobbyist, disclose that information at the start of the testimony. If you are here representing an organization, please disclose that as well. Individuals will have three minutes to testify unless otherwise stated. When you have 30 seconds left you will hear a beep and a yellow light will flash on the box. When your time is up you will hear four beeps and the red light will flash. I will need you to conclude your testimony at that time, and if you don't I will remind you. If you have handouts for us, please do give them to the council clerk. And she will distribute them to all of the council members. Conduct, that disrupts the meeting, shouting or interrupting other people's testimony or during council deliberations will not be allowed. If that behavior is seen, this guidance serves as notice that anyone disrupting this proceeding may be escorted from council chambers and excluded from city hall, if folks would like to show your support or your displeasure for a particular item or a comment please do so with a thumbs up or down, and so that no one is disrupted but we can see your expression. With that, we are sorry that you got interrupted. We thank you for your patience. Mr. Sanderson, you can start from scratch.

**Sanderson:** I am Chris Sanderson, and I run a contracting business called build or buy bike, I specialize in building sheds, decks and fences primarily in northeast and southeast Portland. I am here to address the construction of what I term disposable fences around many of the brand new 800,000 homes here in Portland. I will preface my comment by telling you that I am a trail maintainer with the mount hood chapter of the pacific crest trail association. I set -- the section I maintain is eight miles long and runs from the base of Table Mountain to a trail junction near three corner rock on the Washington side of the Columbia river gorge. Just recently .3 of a mile section around berkenfeld mountain was clear cut. The environmental impacts from this clear cut is staggering. I do not know where the full sun harvested wood went. I think that there is a possibility that it may end up as a disposable fence here in Portland. Recently I work for a client who lives on the north side of a new home located at 4820 southeast Brooklyn, which was constructed by Morrison built llc and sold for 800,000. What jumped out at me was the poor quality of the fence construction, and here's what's wrong with it. Number one, the fence planks are low great 5/8 thick. Post-rail brackets had no hardware securing the rails. Number three the cap rail had two screws securing it in place. Number four all pressure treated posts are in contacts with dirt. And number five, posts are set at varying lengths between six and eight feet. And number six, despite assurances from the developer's project manager, the finished side of the fence faces inward, and not outward, which is good neighbor courtesy. Number seven, the fence was never sealed for added protection against the elements. And number eight, this is what gets me most, the rails were constructed with Douglas fir intended for structural use. I give this fence seven years before it rots and needs to be replaced. However, some fence says built by our new developers only last five months. In one case, I observed a landscape company tearing out a brand new fence. Constructed similarly to the fence that I detailed above. At a home at 3734 southeast Nehalem, which was

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constructed by renaissance homes. Apparently the new homeowner recognized it as substandard, and hired a landscape company to build them a better one. All that wood wasted. I do want know what the solution is to curbing the construction to disposable fences. Certainly education is a good place to start. And that is the reason why I am here. I come here today hoping that my words can make a change. I hope that the developers can seek to construct with long-term solutions in mind. I hope the fencing contractors would aspire to be diligent craftsmen and build well. I would hope that my elected officials can eliminate the disposable plastic bags if they can eliminate the bags, they can eliminate dispose be fences in the city of Portland. Thank you for your time.

**Wheeler:** Thank you Mr. Sanderson. It looked like you had a handout. Is that something that we could get a copy of in.

**Sanderson:** Yes.

**Fish:** Since you spent a little extra time with us this morning I think we ought to give you the opportunity to tell us what your business is so it's build or by bike. Can you tell us.

**Sanderson:** I am a general contractor and I operate primarily by bicycle. I serve southeast and northeast Portland within a 2.5-mile radius, that's southeast Belmont and Ceaser Chavez.

**Wheeler:** I am sorry I did get a copy of the testimony. I apologize. Thank you for your testimony. Next item please, Karla.

**Item 90.**

**Wheeler:** Good morning, Jim.

**Jim Whittenburg:** I will be using the motorized carts soon.

**Wheeler:** No hurry.

**Whittenburg:** Jim whittenburg. I am a -- I was called earlier this week a legend. I have never been called that before. I didn't know that I had reached that status, that means that you are old and ready to die usually. So first off I agree with everything that lightning said up here. This is -- that's a perfect testimony. I wish that I was strong enough to give that. The Portland building is a 25 million-dollar building, you are going to put 200 million to right now. And another few million next year. And more the next year. And 5 million more the next year, and you have got a building bad when it was built, and you are trying to keep it together. I don't see how that makes sense. My dad was a builder. My dad was a guy that taught me how to put things together. When things are old, they are old. You have got to deal with it. If you tear down every building in this city right now, over here you are putting up the yard and giving them hotel status so they are going to have a hotel in there, and I mean, I don't understand, what you are doing. It's like you are throwing money out here's more money here and it's all into the developer's pockets. Or the lobbyists. I really want to like you guys but you are making it hard for me now. We grew up in families the conserve money I would like to buy a new coat. I have gained 30 pounds. But I have to wear it because it was dirty right now, and I don't want to spend \$10 for a cleaning bill. This should not be worn, and that's the way the Portland building is. It does not fit and it shouldn't be around here but yeah, you guys are determined to spend millions of dollars that you don't have to spend. I don't get it. Why don't you -- I just happen to see this the other day, and an old 80-year-old people appearing in northwest Portland, and the parking maid comes by and gives them a 60\$ ticket, and this 88-year-old has to pay his own amount, but I don't understand where you get off when you can't let somebody off in the street, we make them walk. I had to walk three blocks up here today, you know, now most of the stuff is self-explanatory, about getting the money out of politics, like we talk about, which you never do, it won't happen, and here you guys are making too much money. And this business, if we did not have -- if we did not have Willamette week this would still be going on right now. The housing bureau would still be charging these people 1,000 a night

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to stay in this building that we have given to. If you ever get free time, look at what I have given you, and there might be something in there that you could use. I don't believe that yet that you know everything. So there might be some pearl of wisdom in this whole thing.

**Wheeler:** Thank you, I will have to ask you to stop.

**Whittenburg:** I can't get started in three minutes. It's a waste of time to come down here, but I didn't have that -- would you kindly be quiet? I was a radical once when I was young.

**Wheeler:** As you know you are welcome to come up and talk to me.

**Wheeler:** Karla please read the next item.

**Item 91.**

**Wheeler:** Is Mr. Davis here? Ok, so the next item is the consent agenda, Karla, I am going to pull item no. 94. I will put that at the end of the regular agenda, are there any other items pulled?

**Fritz:** Aye. **Fish:** Aye. **Saltzman:** Aye. **Eudaly:** Aye.

**Wheeler:** Aye. Please call the next item.

**Item 97.**

**Al Burns, Bureau of Planning and Sustainability:** Good morning, I am Al Burns, a planner with the bureau. Planning and sustainability. This is the second of several agreements, back in June council adopted a new comprehensive plan map. Most people regard the map as just a map of permitted land use designations by type and intensity. It also includes other features, one of those is the urban surfaces boundary. An area outside the city limits where they can provide exists or future urban services. It also marks the limit of permitted expansions for further annexations. Questions? This is the second agreement, when we put the comp plan map together we work with all the cities. This was the land use decision and this agreement clarifies what it means and how we will observe it, the city of Portland agrees not to serve or annex beyond the line, and Beaverton does, as well. One of the things that's different about this agreement, it follows through on a disagreement that we had in the 1990s when we couldn't come to a service agreement and metro made that decision for us. This agreement provides minor modifications to the agreement made for us by metro in 1997. It provides Beaverton may ask and this, the future council, may consider future de-annexations, and counselor is Not obligated but this agreement would require the council to at least consider the agreements. The other agreements we will have in the other cities don't seem to have any priorities, if it meets their approval my proposal would be to have those on other agreements.

**Wheeler:** Council questions? Is there any public testimony?

**Moore-Love:** I didn't have sign-up sheet but there are people that want to testify.

**Wheeler:** Testimony on regular agenda items has to be germane to the item that is under discussion. Please call the first testimony. Thanks. You might stick around in case anybody has any questions. Good morning.

**Shedrick Wilkins:** Good morning. I am Shedrick Wilkins, and about Beaverton and Portland, and being annexed, I heard Donald trump wants to cut food stamps in Beaverton so maybe we should make it a part of Portland since I get food stamps and they will stop doing that, and number two there is a lot of cutting edge science done. There is the Oregon primates, some Russian doctor injects people's stem cells. That's very controversial here in Portland. They do it in Beaverton so maybe we should annex and make sure that Donald trump doesn't cut food stamps in Beaverton. Thank you.

**Charles Johnson:** Good morning. I am Charles Johnson, and in the scope of entering into an agreement with Beaverton and-or metro about the fuzzy unincorporated areas, I think It's very important that the city consider the bigger context of dealing with Beaverton. It is like an abused spouse and a bit untrustworthy. Beaverton refuses to get fair taxes from its largest employers. I don't know the history of the intergovernmental relationships between



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Beaverton and the city of Portland other than they are happy to send their police here as part of the tri-met police or otherwise, but when we talk about de-annexation, I think that it's a bit disappointing that there is not a clear vision of what the governments in this area should look like and how the residents and the small businesses in those areas can be empowered to see Nike and other major employers in Beaverton, our partners, our neighbor city, pay fair taxes. So when we deal with Beaverton, let's help them to get adequate revenue to sustain their public services and make sure that revenue does not fall on ordinary people when there is a high profit corporation there that could take care of their citizens. Thank you.

**Wheeler:** Thank you. If you could state your name.

**Star Stauffer:** Star Stauffer. My concern is along the lines of Charles here but concerns the houseless that are going to fall through the cracks. Since there is no true municipal government to cover this, there are several individuals falling through the cracks. This goes further to show that Portland and Beaverton have no sustainability plan to combat this issue so I am thinking that if this is going to be a discussion, I would like to challenge the city council and that of Beaverton, as well to make sure that they hold that up during those discussions. Houseless lives matter.

**Wheeler:** Thank you.

**Wheeler:** Is there other testimony on this? This is a non-emergency item, goes to second reading. Please call the next item.

**Item 98.**

**Wheeler:** Good morning.

**Christine Moody, Procurement Services:** Good morning, mayor and commissioners. Christine moody, procurement services, I would like to request a motion to amend the impact statement for this item. There was an error in the bid amount. It should read 3,491,386.

**Wheeler:** So moved.

**Fritz:** Second.

**Moody:** On November 22, 2016, three bids were received, and Moore excavation is the low bidder. The engineer's estimate on this project was 3,843,503. The bureau of environmental services has reviewed the items and accepts the proposed pricing as good. The city put forward an aspirational goal for dmwesb subcontractor and supplier utilization at 20% of the hard construction costs for this. Moore excavation identified five divisions of work for subcontracting opportunities with participation at 4.1%, or 142,328. With work being performed in trekking, concrete cutting, traffic control and manhole manufacturing.

**Wheeler:** Thank you. Take care of the amendment first. Is there any further discussion on the amendment?

**Fritz:** Aye. **Fish:** Aye. **Saltzman:** Aye. **Eudaly:** Aye.

**Wheeler:** Aye. So now we're discussing the item as amended. Is there any public -- is there any further question, Christine, before we go to public testimony?

**Fritz:** Thank you for your reports they are always very clear. Disadvantaged enterprise was a new term; can you explain to the folks at home what you told about the disadvantaged business enterprise?

**Moody:** Sure. The disadvantaged business enterprise is a federal certification. It is still run through the Oregon certification office but has more stringent requirements to obtain that certification. Most commonly that certification contains minority businesses, and women owned businesses. And so with our subcontractor equity program, we now include disadvantaged business enterprises as part of meeting the contractor goals.

**Fritz:** Go ahead.

**Fritz:** Take your turn.

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**Eudaly:** Ok. So we have set an aspirational goal, obviously, that means that it's not required. Do we get any kind of report back on whether that goal was met? Or what level they achieved?

**Moody:** Yes. We have the aspirational goal of 20%, more excavation is committing to 4.1% on this project.

**Fritz:** This company has been here before and often has a very low participation of minority disadvantaged businesses. Do we know how they are doing with their own internal equity program? Is their workforce is diversifying at all?

**Moody:** I believe that matt Posey is in the audience for more excavation.

**Moody:** Or Gary Stevens.

**Wheeler:** If you could state your name for the record, please.

**Gary Stevens:** I am Gary Stevens, the chief manager for Moore excavation. We've been in business since 1957. We do a lot of work for the city, I've been in this seat before on projects. As Christine mentioned, the aspirational goal of 20% is an aspirational goal. However, you have got to realize that each project that is designed and put out for solicitation, varies in design and complexity and what is available for the minority contracting community to bid on. This project, we identified seven areas that could be subcontracted out. Out of those, and we go through a solicitation, are you familiar with the good faith program? We go through that, so we go through -- we attend the prebid meeting, and out. 20 odd people that attended for the meeting there was only one minority contractor that attended. Which is not unusual. Once we go to the prebid meeting our staff solicits a, goes through the process, and notifies everybody in writing, and all the minority, potential minority contractors, and the non-minority contractors, via email, and we follow up and take an extra step. We call the office to make sure that they are bidding and has mixed success, sometimes we get no replies and sometimes we do. At the end of the day, we are getting bids from all contractors, all subcontractors. And in this case, out of the seven categories that we identified, we got pricing from all seven categories, but the two categories, and we awarded subcontracting, subcontracts to five out of the seven, the two that we did not award to were the cured in place lining pipe that essentially has the sock and is cured in place rather than open cutting a trench, paving, trucking and all of that, where the cured in place program is we access the pipeline for manholes, install a sock and cure it in place and that gives additional length of the service to the pipe. That one category, we received a minority price that was 30% higher over 200 some odd thousand than the other low responsive bidder. And in paving, our price versus minority versus non-minority was 46% higher. So if you are -- you are in the bid room, and the day of the bid, and the bid is due and you are looking at a 260,000 increase, to be able to up the price, my fiduciary responsibility is number one get the job for the, for the owner of the company, and employ our people. And give a responsible bid to the city. So we did receive quotes in those other two categories, be it cured in place lining and paving and wining but to the tune of 260,000 additional dollars.

**Fritz:** Thank you very much for that. It seems to me in reading and you have reserved the right to do the minority work that you have contracted out by your own company, is that correct?

**Stevens:** We ran into the problems where we, like for trucking, we have committed an amount, but when we schedule those minority contractors they don't have the resources available. Because they are bidding other work to other contractors so for that day or those days, they may not have the trucks, so we have to supply our own trucks, so that's why we put partial on those.

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**Fritz:** Ms. Moody at the end of the project will you come back to council and let us know what impact that was done? My question earlier is what are you doing within your company to diversify your workforce? Do you offer apprenticeships?

**Stevens:** Yes, oh, yes, by all means.

**Fritz:** And how much of that do you do?

**Stevens:** We have 20% on the projects and 20% apprenticeship for both operators and laborers. And more times than not we exceed that and I was looking at those reports this morning and some categories we're up over 40%.

**Fritz:** How do you find those?

**Stevens:** Two ways. We see -- put the potential in the existing employees, that could use additional training, and increase their capabilities and so we, we select those and we promote those to the northwest construction college, that is who we have the training through, and we, on the open market, we just solicit for operators, laborers, truck drivers, and etc.

**Fritz:** What is your company doing to diversify your own workforce and to make sure that women and minorities get the opportunity to some of those apprenticeships?

**Stevens:** We solicit for minority employees. Right now I believe that we're at 12 to 14% minority and 8% women.

**Fritz:** So again you do a lot of work for the city, and I appreciate that, and you are often the low bidder, which saves the taxpayers and rate payers money and also a value that I am sure that you share trying to diversify construction workforce because women and minorities are realizing that they are, they want good jobs that pay well so I encourage you to continue to working within your company and I would like to get a report back. If you could keep track of, you know, the apprentices, where they came from.

**Stevens:** Christine and her group keeps their thumb on us.

**Fritz:** Very good. Thank you.

**Stevens:** One other thing that we have the potential of adding, there is a service group that was Within our company, that split off at year end, that now is applying as a woman owned business, as an esb, as of January 1. And if that is successful, the mwesb percentage for this project will be in excess of 40%.

**Fritz:** Thank you.

**Stevens:** So we are actively pursuing it, and we're also a member of the northwest utility contractor's association, which actively works with Christine and her group, on ways to promote minority participations, and we have some things in the mix right now that we're working on.

**Fritz:** Thank you for your time and being here this morning. Thank you.

**Wheeler:** If I may make a couple of thoughts here. I appreciate your being here and answering the questions with specificity. As I hear the broad variation in the bid offers that you have received, I am wondering if the economies of scale have something to do with it, so we're in sort of a catch 22. We are trying to build the capacity of minority contractors in Portland, and you understand all the reasons why we want to do that. But if we don't help them to get to the point where they can, actually, compete they are never going to get the job. So my interest, Christine, and this is a separate conversation maybe, but related, I want to know how we're going to work with the pdc and others to make sure that minority contractors can, actually, get to the point where they can compete based on the price because I don't want the excuse to always be that well, they are too expensive, but if they are too expensive because of the economies, or access to equipment or whatever else, they are never going to get these projections and they are never going to be able to participate at the levels that I think that they need to. Number two, you mentioned that you did a pretty good job of reaching out to those individuals. You called them, and you

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encouraged them to bid. I am more interested in why they did not bid. If the opportunity is there, I think it would be interesting to do some, you know, I hate to use the word postmortem but that's what I mean and find out what it was that prevented them from making the decision to bid because maybe there is capacity building or some primary work that we need to do with minority contractors so that they are ready to bid when the time comes for a project like this. And finally, I just want to cop to something you said, did we all understand the difference between whatever it was, the external versus the sleep thing, and I want to be the first to admit that I have no idea what you were talking about, until you described it. But it makes sense the way you described it so I appreciate you are not assuming that I know everything about replacing a sewer pipe because I most certainly know nothing about it so thank you for that.

**Stevens:** May I make a couple of comments. You hit on a couple of things, you know you, our work is capital intensive, very capital intensive, and it is somewhat restrictive for minorities to be able to do some of our scopes of work if you will. The low hanging fruit is flagging, which there is not much capital investment, but the next step is like trucking. You have to buy trucks, or lease them but then when you get into the heavy equipment and that kind of stuff it's really capital intensive work. If you have a vertical structure like we, we are participating in the new Multnomah county courthouse. You have a structure, there is more opportunities for minority contractors if you will in a vertical construction coming out of the ground. Be it painting, sheetrock, that kind of stuff. But in our world, it's real limited, and it always has been, and it's been a struggle to gain additional percentage, additional participations, and some of these people only have, might only have one crew. But they are quoting 10 contractors. In different projects, if you will. So it becomes an internal capacity problem for them to be able to meet our schedule, our demands, and it is a challenge to participate in this heavy construction market.

**Wheeler:** I do get that. I am not saying that I don't understand the pressure from the markets and the capital expenditure side and the access to capital side, I just think that there is ways that we can break that down.

**Moody:** Can I follow up on that?

**Wheeler:** Maybe it's through partnerships. And I have seen success. Tri-met has done a lot of work. Some of more established contractors partnered with a smaller minority contractor they share equipment they share knowledge. Somebody told me off the cuff do I really want to help and invest in my future competition. They are growing and we are going to need more local capacity otherwise we will continue to be bringing people from the outside for these projects. That means we're leaving money on the table that could be going to lift communities in Portland that have historically not benefited from the wealth generation these projects provide. I think we need to be more intentional.

**Fish:** Can I follow up with Christine? We have had some success in the housing area because of the points the mayor made. We have major contractors that have formed strategic partnerships with the minority businesses and bid as a partnership. And the importance of that is that with each of those projects, is the minority partner gets to develop the capacity expertise and other things, and I think that the success story is colas construction. They used to be a sub, consistently a sub in lots of projects. If you look around the city the sign is everywhere. Meaning that they are now competing at a level playing field and getting opportunities. I wonder in light of the comments you are hearing, we thought this through in the housing arena and we now have these partnerships and regular work. If you are building a business, you need to know that there is a lot of opportunity if you are going to expand the payroll. Are there lessons that we can learn from how we addressed the housing that could apply to this kind of specialty work? Including the partnerships?



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**Moody:** Thank you for bringing that up one thing that we can do that has been successful in housing and can be successful in these types of projects is looking at other types of procurement methods. We have done it on the larger reservoir projects, and I think that we can look at it on some of the sewer projects, when we have that alternative contracting method, and we're not basing everything on the lowest bid, it gives the opportunity for the contractors, like Moore excavation or others to do that partnership so they can bring those in and partner on a project.

**Fish:** Let's just, because you said that, the alternative contracting in the reservoir, like the Washington park reservoir project, did not result in a hit to the taxpayers. We are getting competitive bids, but it does allow us to on a regular basis work with the contractor to make sure that we hit very high aspirational goals. And in fact, the goals that are higher than we normally have in these projects. So --

**Moody:** And there is opportunities for us to put in with our bid specifications, additional points for a partnering. We have done that on parks projects and we have had some really good results. We are a general contractor, we will partner with the minority contractor, and they will take pieces of that project and act both as generals and manage that, and that's the capacity building that the mayor was talking about.

**Fish:** The next question, though, we expect to get a report soon from the office of equity in terms of the community benefit plans, and a new vision for how we do the community benefit agreements. Will part of that presentation address some of the issues we're discussing today?

**Moody:** I think in part it will. I think that the other piece that, I liked one of the ideas that the mayor suggested, as far as looking, as Gary was saying for these types of projects, there is a large capital outlay in equipment for contractors. They are minority contractors have the skill level to do it and they will invest in that equipment, if they know that there is continued work to come on. They can't invest in the 300,000 piece of equipment for one job. And so part of that is, as Gary mentioned we're partnering with the underground utility contractors' association to figure out about those opportunities. If they know that there is continued work, they will make that investment. They cannot make that kind of investment for a job every six to nine months so those are the things that I like the idea of the sharing of equipment. And so it's building the skill level not having to have that minority contractor put that outlay, out at the very offset.

**Fish:** One thing we know is that on a regular basis, we have these projects, and whether they are pump stations or whatever we have aging infrastructure so this is going to happen a lot, and I would encourage you to consider bundling a number of these things, looking at this cip with the utilities, and looking for a sequence of projects that have some common denominators and thinking about how we could bid them precisely to give someone an opportunity to bid for the whole package. Since, and it is true that Moore does our work but that's presents some continuity so we look forward to working with the mayor and procurement. And we hope it looked at through the community update that we are going to get.

**Wheeler:** Great. Any more questions? Is there any public testimony? Thanks for being here. If you would state your name. Three minutes. Keep it relevant to this particular item, please.

**Joe Walsh:** Good morning, I am joe Walsh, I represent individuals for justice. One of the things that I thought about and I like to commend Commissioner Fritz, you ask a lot of questions that were bugging me also as the presentation progressed. Two things I thought of, I wish that there was an organization that represents minority contractors here today, to ask, to answer the question that you posed. Why is the percentage so low and why do they not bid on these things? We can speculate but we have always done that. The second

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thing we are working in the future. It seems we never get the job done in the present. They are working on it, always trying to get some partnerships going here. The partnerships are not a new thing. Commissioner Fish actually presented what they did in housing, very simple. When they were building the pyramids, they pardoned it, you know. It's not a new concept. So why aren't we doing it? My third point is what is the city's responsibility to stay on the prime contractors, when they subcontract out? Where are you guys on that? You are going to pass this because you just pass things and that's what you do. Instead of kicking it back and saying you know what, we need more research on this, we want to find out, this is a major repair job, by a major company, and I am sure that the representatives of Moore he's really a nice guy. But if we had somebody from the minority community sitting here, explaining it to you, I think that you would get a better answer. If you asked me about certain things, my bias has come through. We need to hear from the other side. That's what I would ask you, I don't have a great interest in this one item but what you said is true. There is a lot of items coming up. Under do better. It's our money and you need to look at it and think what is this prime contractor doing? How is he doing on minorities? I don't like 8% and 14%. That's not acceptable to me. We have a lot of catching up to do. So eight and 14 is a disgrace. My opinion.

**Wheeler:** Thank you.

**Stauffer:** Star Stauffer you are getting to know me well. I have the same concerns that Joe does, a bunch of -- I am going to be blunt, white people are sitting around talking about what's best for minority community without a minority community representative. That's extremely offensive, especially when you are talking about doing work within the same community. I am curious why if they are having a hard time receiving bids from minority communities, who are doing the same type of work, why have they not gone out into the communities and offered a fair, so to speak, a fair to come and hear about the project so they can introduce their particular companies and glad hand and network and meet up with each other and talk about --

**Fish:** The city does.

**Stauffer:** I am talking about these guys.

**Fish:** The procurement office does.

**Stauffer:** They are not doing it enough because at 14% as far as their minority workers go that's -- the number of minorities in this community alone that do that type of work far exceeds that number. So if that's the case, if you are doing these outreach programs they are not good enough. You have to readdress how you are communicating with these communities, and the fact of the matter is that these communities are not going to be trusting enough to openly communicate with you on these issues. If it's all white people doing the communication. Just like we saw up here today. And I think that we all know why that might be. So if you want real change, if you really want to increase the minorities on this workforce and in this bidding process and in these projection, then you need to have more minority representatives than just a woman, a white woman sitting up here talking. The fact is the minorities are tired of white people talking for them. So fix it.

**Wheeler:** Thank you. Yes, sir.

**Charles Johnson:** Good morning I am Charles bridge crane Johnson. I will try and talk for white people. We created the problem. So we can talk some about the ideas we have to fix and then hope that we can do better at getting input from the minorities. The city likes to see itself in a leadership position and as commissioner Fish noted through the office of procurement and some collaboration from Dante and the office of equity and human rights there has been some number of hours and outreach work done to improve the contractor thing but we have not talked about capitalizing on that position, you know. The northwest, the demographics makeup is different than other parts of the country. Now while Kashwma

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shuwant in Portland and they are talking about divesting from wells fargo, we should be talking about having a dynamic conversation across the state line with our partners all the way up to Seattle, maybe Vancouver, about how the northwest is going to implement the plans, including having, you know, perhaps trade shows or forums at the expo center, or you know, recently this community has voted to put money into the area around legacy Emanuel hospital where there was gentrification and displacement. So perhaps legacy, conference facilities would be glad to have a northwest-wide conference on equity in business. And how minority contractors are not, are going to get fair treatment not just from the state and local governmental jurisdictions but ways that the city can make sure that not only is bremick or another general contractor, I can't remember who is going to get the hundreds of millions, but do those contractors have incentives, and as many tax structures as possible, fees from different bureaus and state things so that they are always aggressively not just tokenizing things but making sure that the pathways are there for all people of all backgrounds in Portland to learn sustainable living wage careers, and so I think that there is a great opportunity for this council, to partner with other local and state governments to do leadership in that area. Thank you.

**Wheeler:** Thank you. Is there any more testimony? Any further discussion from my colleagues? Could I get a motion and a second?

**Fish:** So Moved.

**Fritz:** Second.

**Wheeler:** That's to accept the report as amended, please call the roll.

**Fritz:** This has been an excellent discussion and obviously we're getting the report from the office of equity and human rights, and mayor wheeler is committed to this process and understands how much work has been done and how much work needs to be done with the equitable contracting procurement commission. There are community organizations that -- I get your title wrong. Miss Moody's team does a lot of listening and we need to do more of both so thank you for this excellent discussion. Aye.

**Fish:** Aye.

**Saltzman:** It's a good discussion and I want to may think Moore excavation for providing insights and so good answers as to how they arrived at their figures for minority and women participation. You gave us really good insights on how the real world operates and I appreciate that.

**Eudaly:** Aye.

**Wheeler:** I appreciated this conversation very much and I appreciated the pipe wood testimony as well. We need to find ways to be proactive. One of the people testifying said that we have a lot to make up for. And I happen to agree with that. We're in a building boom. This is our opportunity to build up knowledge on the ground experience, and access to capital that is required to be able to compete in what will be one of the top two growth industries in the community. I appreciate the comments made all around. The report is accepted. Could you please read the next item?

**Item 99.**

**Wheeler:** If there is no objection, commissioner Saltzman asked this be returned to his office. So ordered. Next item please.

**Item 100.**

**Wheeler:** I am not sure that we have any formal presentation. This responds to a budget note to make the Portland housing bureau administrative rule-making more consistent with other bureaus, and with the transparent and clarified process. Other bureaus have created procedures; this is the Portland housing bureau. Seeking to do the same. Commissioner Fritz has been particularly interested in the bureau administrative rule procedures and feels that the entire city council and not just the bureau or commissioner in charge should

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have some oversight responsibilities so this seeks to do that. I don't know if there is any public commentary on this particular item. If not, Karla call the roll. I am sorry, yes, sir.

**Charles Johnson:** Charles bridge crane Johnson, and in rule-making with other city bureaus but I think it's important to remember that every bureau is unique but the housing bureau, the clientele, people they deal with and people affected by the rules are in a very unique situation compared to other people so I hope that -- I know that -- it's complicated between the housing bureau and home forward and as things move forward coming online, but stakeholder is a horrible word. Neighbors and resident input, particularly for the housing bureau, I mean, when we have rule-making for a bureau under Mr. Fish, 99% of the contact with the water bureau is a stamp or an electronic payment. The rule-making for the housing is more critical thing, so I know that the home forward has a residence advisory board or a council or something like that, so I hope that when we talk about rules, and all rules, really. The rules are for public benefit, so I hope that the city will live up to its reputation, the good part of the reputation and rule-making will have a nice public input process like we're Experiencing right here. Thank you.

**Wheeler:** Thank you sir. Any further public testimony?

**Star Stauffer:** I would like to add on and just specify that while we were discussing those rules, and I also agree with Charles that it should not move forward without intense public input, considering that those rules have the direct impact on us, the public. Also I would like to urge this council to make sure while they are taking that public input that they are -- that the minority community is represented during the discussion of the rules. Since then, the housing issues in this city are mostly impacting -- more intensely impacting them, so if you are going to open that up and actually, and I urge you and challenge you to do so, unlike the collective bargaining agreement please allow the public to have say in those rules and to have input in those rules and how they are going to come out and be in black and white before you just pass anything through because people's lives are at stake.

**Lightning:** I am lightning and I represent lightning super watchdog pdx. I am very mystified on the fact that the housing bureau, none of their representatives are here on such an important item. Did they just forget because this is a very important item not just to them but to the public as you can hear, and I would like to ask this not to be voted on today, and push this out at least for another week, until we can have representatives, which the public expect to be here on these types of items, which is regular agenda. This is not consent agenda. This is regular agenda, which we pay the people to hear them speak on these types of items. They are not here, I am very mystified on this, I am asking for this to be pushed out a week, have them come in, and have a discussion, and vote on it. Thank you.

**Wheeler:** If I could clarify this is not the adoption of the rules but authorizing them to comments with the process to create the rules which would come back to the council. They are in the process. This is a resolution for come to comments that.

**Stauffer:** Ok. That makes sense, and like I said my concern is while those rules are being created in the first place, the police collective bargaining agreement -- as you all know we were not allowed to have input on something that directly impacted our lives so while these rules are being created the public input, the people paying the rents, the fees, the ones actually working hard for those dollars have to have their voices heard especially the minority community.

**Wheeler:** They will have that opportunity. Next, thank you.

**Fish:** Before we vote on this mayor, it's my expectation and I want you to confirm that as the bureau adopts a rule-making procedure, they will work with their own advisory Bodies?

**Wheeler:** That is correct.



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**Fritz:** You referenced I have had concerns about this kind of process before but I don't see anything in the proposed rule-making procedure to alert the council offices of an impending rule, which is what the human resources bureau does when they are going to change administrative rule and I have concerns that it gives the director the authority to adopt these rules without checking with the commissioner in charge.

**Wheeler:** Let me make this easy, I request, unless there is an objection I will pull this and bring it back for further council discussion with the director of the housing bureau. Good?

**Fritz:** I know that there has been some work has been started because I suggested that, it's a standard procedure throughout the city.

**Wheeler:** Yes, good and I want to make sure that everybody feels satisfied, so I am happy to do that. Good. Next item please.

**Item 101.**

**Wheeler:** Commissioner Fish.

**Fish:** This is the second reading and in light of the conversation today, this would only authorize us to enter into a contract, so we'll sit down with Christine moody and see whether the issues discussed today can be helpful in the next phase of actually identifying a contractor to do this work. So this is the second reading.

**Wheeler:** Very good. Any further council discussion? Clerk please call the roll?

**Fritz:** Aye. **Fish:** Aye. **Saltzman:** Aye. **Eudaly:** Aye. **Wheeler:** Aye.

**Item 101-1.**

**Wheeler:** Any further --

**Fish:** Why don't I take this one.

**Wheeler:** Thank you, commissioner.

**Fish:** So this is a four-fifths because if we need to act on these appointments in time for the pub to have a full compliment as they take up the budget, Melissa Merrell, the pub analyst is here to answer questions and colleagues each of you have a memo from Melissa Merrell as part of the packet. The -- I will turn to you in a second just to give us a brief overview, obviously the thing that jumped out to me when I was briefed on this is that we are being asked to appoint four new members. They are all men. And it raises the question about what are our ongoing procedures for doing outreach and how are we putting into place equity and other goals? What is the -- what would be the composition of the pub if we were to accept these nominations, and I have some closing thoughts, I will say as I turn it over to our analyst, the independent analyst for the utility board, not ours, that we have some extraordinary nominations here and I'm particularly pleased that some of our experts from the environmental community have offered a step up to provide their expertise but would you walk us through the process and I will ask you some questions about giving us assurance in the future that we do, perhaps, a more robust job of doing outreach to people that might consider an appointment to this body.

**Melissa Merrell, City Budget Office:** Thank you. Melissa Merrell, city budget office and pub analyst. If I could remind the council that back in September is you approved an expansion of the Portland utility board to add two new members to the compliment of voting members for the board, and we had one resignation this fall. So currently there are three vacancies up for appointment, and we have the sad news of having the co-chair have an excellent opportunity, career opportunity, so she will be leaving in April. Four recommended appointments for those positions. In September the pub asked for the support and the recommendation of the commissioners and the mayor in recruiting highly qualified candidates. When we started this I reached out to all of your offices, as well as the directors of the bureaus and the management team. The office of equity and human rights, the diversity leadership program, and also the oni neighborhood list trying to recruit as far and as wide for candidates who wanted to volunteer for positions on the Portland

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utility board. We received 20 applicants in the late fall or early winter. And you have before you the four recommended candidates from the board.

**Fish:** Take a moment to tell us a bit about each of the Four if you would.

**Merrell:** Sure. Scott Robinson, deputy cfo at metro. He has prior experience with Portland public schools and regulated utilities through his work with PacifiCorp. And micah Meskel is the conservation field coordinator with the Audubon society with a degree in economics. Mike Whedahl, retired from the Bonneville power administration, vice president of energy efficiency and has experience with several oversight committees. And ted Labbe is a biologist with extensive background in natural resource management, also the owner of kingfisher ecological services and serves on the board of dipay.

**Fish:** If we are to act affirmatively, and these are outstanding, these are outstanding. I would say it -- I think what it affirms is that the community is now aware that the Portland utility board has real teeth and power and has the chance to change the policy and the future of our utilities, so we're getting outstanding candidates. I will note however that of the 20 people who applied, only three women out of that pool.

**Merrell:** That's correct.

**Fish:** And I will also note that if we are to approve these nominations, which I will recommend, the body will be a new pub will have five women and by my count either six or seven men.

**Merrell:** If we are counting ex officio members it will be 7-7.

**Fish:** Even split, one African-american. I guess the point that I want to just put on the table is what we have learned in terms of outreach for boards and commissions and important assignments is that, and even hiring is that it's critical that the pool that we choose from be as diverse as possible. And that's why we spend a lot of time doing outreach to make sure the pool reflects a lot of different choices and then we try to pick the best people from that pool. I think we have some work to do on that and I appreciate the outreach you did to our offices; I would suggest mayor that in anticipation of future appointments that we drill down on this and see how we can build on the existing protocols to make sure we have a more diverse pool in which to select in the future.

**Wheeler:** Agreed, thank you. Is there any further board conversation? Any public testimony on this?

**Fritz:** So I noticed that you in the report on page two that list of self-identified attributes of the current members and that accounting only has one person and civil engineering, equity, financial and capital improvements and urban planning are the others. Do any of the four address any of those?

**Merrell:** They all do, they were the four strongest candidates addressing each one of those issues, so we will add a background of one in accounting, one in urban planning, two in analysis and three in equity. We have not yet filled some more for the civil engineering.

**Fritz:** What do you mean by three inequities.

**Merrell:** With the background of the people the pub has brought to you three of those have background in equity issues. Some of them serving in neighborhood coalitions or in the other work they have done before, prior work experience.

**Fritz:** Off line I would love to know what this self-described equity involves.

**Merrell:** Absolutely

**Wheeler:** Any further questions? On public testimony and the next item, I'm going to ask you to limit testimony to one minute. A lot of people have to go pretty quickly.

**Walsh:** One minute?

**Wheeler:** Yes, sir. We're getting toward the end of the agenda.

**Charles Johnson:** I'm not aggravated. The issue is very simple. It's negatively simple. When you pick up the printed agenda and when you look at the online document, this is

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not there. If you pass this, I will allege in court that you have not given adequate public notice to proceed on this item. It's not here on a piece of paper I just picked up. There's no way for me to look at it. The other issue I'll use in my minute is that it would be best to make this board self-fulfilling so -- I don't know if -- I guess they did their own search. None of you were involved in the candidate selection or screening.

**Fish:** We have given them that authority with a dedicated staff to report only to them. All we can do is --

**Johnson:** In the interests of your highest ethics nobody could have known about this coming up unless they called and somebody looked at a fresher sheet of paper than this and a fresher thing than the internet and known that this was going to be issued. I really think the best ethics for this council is to set this off also until next week.

**Wheeler:** Thank you.

**Shedrick Wilkins:** I'm Shedrick Wilkins. I think this board needs more women. You should advertise it more. As long as you're not building additional facilities there's no reason why anyone has to have a university degree to be on the board. Their purpose is basically to take input from families and see if they feel comfortable with the existing utility.

**Wheeler:** Thank you.

**Star Stauffer:** Another group of people without a -- [speaking simultaneously] you guys know it's going to be snowing this week -- star Stauffer. Which I testified so many times here today I don't know why I have to repeat it.

**Wheeler:** We have to do it for everyone.

**Stauffer:** It's going to be snowing this week and we have houseless out there. I'm urging the city to open more warming shelters. Open the Portland building and have something in the works so that more people don't die like that baby did, like the five people did.

[shouting]

**Wheeler:** We're almost through. We're going to make it today. We're going to make it.

[shouting]

**Wheeler:** Alright taking a recess, you know the drill.

**At 11:04 a.m. council recessed.**

**At 11:15 a.m. council reconvened.**

**Wheeler:** I'm sorry Karla where were we I lost my train of thought. So we finished testimony on the four-fifths agenda, but we did not take the vote.

**Moore-Love:** Mr. Lightning was going to speak, but I think he left.

**Wheeler:** Alright we have a quorum does anybody object if I just push forward on this.

**Fritz:** Do we need four if it was four-fifths.

**Wheeler:** On four-fifths three votes is sufficient.

**Fritz:** I wanted to ask commissioner Fish, I know there's a good reason this has to be done quickly, could you let us know what that is.

**Fish:** So we have a full complement for next week's meeting. They are beginning their budget process and we're right now the number we need to have them perform their duties in a satisfactory way.

**Fritz:** With the budget definitely essential --

**Fish:** That's why the mayor has brought this as a four-fifths. It is a mayoral referral to council.

**Wheeler:** That's exactly why, commissioner.

**Fish:** So moved.

**Fritz:** Second.

**Wheeler:** Call the roll, please.

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**Fritz:** Thank you to both the mayor and commissioner Fish for thinking about obviously raising the issues of equity and women being on the board. I note several of these folks is a very good cohort to be adding to the pub. Aye.

**Fish:** I want to just build on what commissioner Fritz just said. When we look at the names and the professional qualifications and we know a number of these folks from their community work again I just want to acknowledge that we are pleased to have people of great capacity and deep background choosing to serve on this body and it will serve our rate payers well to have such talent. So I'm grateful for all four of them for agreeing to serve. We will support the work of the pub in doing more outreach in the future. Aye.

**Saltzman:** I agree. These are excellent appointees. I'm sure they will serve our city well. Aye.

**Wheeler:** Aye. The report is accepted. I believe we have one more item, pulled from the consent agenda.

**Item 94.**

**Wheeler:** If I may jump ahead of you the reason I pulled this from the agenda is there's been a handshake agreement amongst members of this council that lease contracts like this in excess of \$500,000 would be brought through the regular agenda. I was not aware of that. My apologies to my colleagues. Here we are on the regular agenda.

**Pauline Goble, Property Management:** Bureau of internal business services. I'm here with the bureau of development -- sorry, property manager in the bureau of internal business services and I have the bureau of development services staff with me to request council authorize the execution of a 39-month sublease to primera blue cross for space at the ch2m center through April 2020. The bureau of development services is expensing unprecedented growth in terms of workload and staffing and the current location at the 1900 building, a city co-owned property with Portland state university, is at full capacity. Bds needs to locate as close to the 1900 building as possible because of the working relationship between the teams and the rest of the bureau. Bds's desire to sub lease 1862 square feet from primera blue cross at the ch2m center. The annual sublease cost is approximately 519,000 a year with no annual increases over the 39-month term of the sublease. Funds are available to cover the sublease agreement on are included in bds's five-year financial forecast. Do you have any questions?

**Wheeler:** We have no questions. Is there any public testimony on this item? We don't answer questions but we'll take testimony if you want testimony. One minute, please. Name for the record. Sorry. Thank you for being here. If you would just stick around for a minute in case, there are follow-up questions.

**Charles Johnson:** Good morning, for the record I'm Charles bridge crane Johnson. The distraction of the stuff that wasn't on the website and our interruption -- 39-month lease in the construction boom is understandable but I think that your constituents' confidence in the government would be improved if when we do things like this or if it was easier to find on the city website, briefings about how much -- I know in the commonwealth building for a long-term we have had a long-term lease there. I'm not a big fan even when rents are low of city taxpayer money going to rent commercial property. This fee for bds-- the other thing I think maybe if you have any questions that you could address the panel about how well do the fees of bds do at addressing the general independence of that bureau in the budget process. I know that's a little beyond the scope. We love that idea.

**Wheeler:** Thank you.

**Star Stauffer:** If they are going to go ahead with this lease on 4th avenue one thing I will say is that's prime location to extend outreach to the houseless community around there. If they are going to do that with such an expensive lease I challenge them to open up a portion of their space for warming facilities, potential shower facilities for the houseless,



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and other uses in that regard. Or possibly instead of investing more millions and millions of dollars into yet more leases and spaces and buildings and what not, why don't we just take that money and give it directly to the houseless community and actually do some real outreach, especially since we have no sustainable programs in that regard as of yet and it's again about to snow and people will probably die from exposure. For the record I'm star black lives matter Stauffer.

**Wheeler:** Roll call, please.

**Fritz:** Thank you for staying the entire morning Pauline Goble, Deborah Sievert-Morris and Elshad Hajiyev very much aware of the need for more space. Isn't it wonderful that we have so many construction jobs going that we now have I think brought back to where we were before of the recession in terms of development services staff. Thank you for all you're doing to try to keep up with the hectic pace. Aye.

**Fish:** Aye. **Saltzman:** Aye.

**Eudaly:** Thank you for your work on this issue. I would just like to clarify for a few people that are left here that bds is largely self-funding. We have 50 vacant positions that we are struggling to fill right now and we're just slowing down our process of approving permits including permits on affordable housing. We can't take money from bds and put it into another bureau as far as I know. This space is necessary and its below market rate. Aye.

**Wheeler:** Aye. And with that we're adjourned until 2:00 p.m. Thank you.

**At 11:23 a.m. Council recessed.**

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**Key: \*\*\*\*\* means unidentified speaker.**

**FEBRUARY 1, 2017 2PM**

**Wheeler:** This is the Wednesday, February 1 afternoon session. Karla, please call the roll.  
**[roll call taken]**

**Wheeler:** Can you please call the first item.

**Item 102.**

**Wheeler:** Mr. Rust, thank you. State your name for the record. You know how this works.

**Ken Rust, Director, Financial Services:** Good afternoon, mayor wheeler, members of the city council, for the record I'm ken rust, city chief financial officer and director of the revenue financial services. Joining me is city controller Michelle Kirby. We will present to you the comprehensive annual financial report or cafr for the fiscal year ending June 30, 2016. We'll discuss highlights from the cafr and present additional information regarding the long term fiscal health of the city. At this time, I would like to turn the presentation over to Michelle.

**Wheeler:** Wait a minute. You can't do that. That's what I did to you. Hi, Michelle.

**Michelle Kirby, Bureau of Financial Services:** Good afternoon. The preparation of the annual cafr is quite extensive and it involves input from many of the city's bureaus, city auditor's office and our independent auditors moss edams. The accounting division of brfs has the responsibility of preparing the cafr, ensuring its accuracy, and working with the auditors throughout the process. Several of the accounting division team members are here today. And if I may, I would like to take a moment to recognize them for their hard work and dedication to the project. This is the accounting division group back here.

**Wheeler:** Thank you. [applause]

**Kirby:** Thank you very much. It's important for financial information to be timely in order to be relevant to the readers. I'm super pleased to report to you that the June 30, 2016 was published November 15, which is 135 days after fiscal year end. This marks the earliest cafr publication in over ten years. It also puts us on track to meet our goal of cafr 120 as we intend to publish the 2017 report by November 1, 2017, or 120 days after fiscal year end. The cafr provides a look at the city's finances as of our fiscal year end June 30th. It's prepared in accordance with generally accepted accounting principles which are issued by the governmental accounting standards board known as gasb. The independent auditor's opinion letter is included within the document and informs the reader about the accuracy of the financial information about the report presentation and its compliance with the accounting standards. Unfortunately, this required format and level of detail can make the cafr very difficult for many to understand. To address this, issue the accounting division looked into alternative ways to provide financial information to the community. A popular report is designed to provide a summary level overview of a government's financial picture and an easy to understand format for those who do not need the level of detail found in the cafr. The accounting division has prepared the city's first pafr, and it looks like this.

**Wheeler:** As opposed to the cafr, smaller size.

**Kirby:** Size alone gives you an idea. We hope this will be a useful tool that supplements the more detailed information found in the big cafr. We welcome your feedback and thoughts on the report because we want it to be seen as a useful tool to communicate with

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the community. Hard copies were provided to your office last week and the report can be found online with the rest of the city annual financial reports. Turning our attention back to the cafr, we'll discuss the highlights of the fiscal year 2015-16 cafr. The good news is that our external auditors gave the city an unmodified or clean opinion and found no weaknesses or deficiencies in the city's accounting methods. In addition, the cafr complies with state law, fund balances continue to grow, and we received the government finance officers association award for excellence in financial reporting for the 35th consecutive year. The not so good news is that we continue to see a decline in the city's net position for governmental activity. In fact, the fiscal year 15-16 city net position for governmental activities declined approximately 273 million, bringing it to a negative 1.4 billion.

**Wheeler:** Could you do me a favor and translate that?

**Rust:** We're going to talk more about that and try to tear that down so it's more understandable to council and others.

**Wheeler:** Thank you.

**Kirby:** The negative trend is primarily the result of gasb accounting rules for pensions but there are other factors involved. Will turn it over to ken, back to him, who will provide you with more detailed assessment of the trend and the city's long term financial health.

**Wheeler:** Thanks.

**Rust:** On the next chart we show ten-year trend for the city. We have three lines on that particular chart. The blue line represents deposition for governmental activities which is primarily composed of the city general fund and its transportation programs. Business and activities are shown by the orange line and are primarily comprised of the city's big utilities, water and environmental services. The green line is simply a summation of those two. You can see on the trend line there's been a downward trend particularly on the governmental activities over the last ten years. It went negative last year at about 1.2 billion as we implemented the gasb 68 standards for pension accounting and increased this year to negative 1.4 billion. In contrast the orange line or business activities line has had steady upward progress representing the investments those utilities are making in assets and general continued strengthening of those utilities in terms of net position. Overall the trend is down but it's heavily influenced by the underlying conditions of governmental activities. So what effect net position, mayor, you asked how do we understand this. This is something we have been talking with council about over the last couple of years. These are factors that affect net position in terms of decreasing it on a gap basis. When expenses are greater than revenues, it has the effect of driving down our net position. So things that can drive down our net position are increases in pensions and other similar kinds of obligations and liabilities, increases in bonds payable with no offsetting assets, and when we have and incur noncash expenses that contribute to expenses over all exceeding revenues. I'll talk about what that is. On the other side of the chart we have things that can increase our net position. When revenues exceed expenses on a gap basis that gives rise to increasing net position. The kinds of things that can contribute are if we get grant funds to build something that money comes to us and helps build an asset but we don't have a corresponding liability that position goes up. If we fund capital improvements from cash flow our net position goes up. We're not incurring debt obligation to offset that asset. If we take surplus bond revenues and just hold on to them or pay down highlights that has the effect of increasing our net position. Those are the dynamics that are in play to help you understand why we would be in the situation we're -- net position with governmental activities has declined to 1.4 billion. What's driving that primarily is fpdr. There are other things as well but the three big things that are contributing factors are fpdr, urban renewal indebted where we take on the liability, pdc gets the bond proceeds and spends it. For those bonds where we have helped finance other activities in

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the region we gave metro \$100 million for the convention center expansion, 74 million still sits on our books and records. In exchange we're in an intergovernmental agreement that we'll receive resources back but we have a liability, no asset. One big thing we have seen is depreciation, the noncash expense, our annual depreciation in governmental activities is about \$100 million greater than the capital investment we make each year and almost all that is attributable to transportation. Where the amount of depreciation for transportation is about \$110 million greater than the investment we make on an annual basis. Those are some underlying factors that drive our net position in the direction it's at. We talked about the last couple years, because of the way in which we are obligated to measure assets, revenues and liabilities under gap and gasb tends to underestimate -- doesn't give us full credit for some of the unique aspects associated particularly with fpdr. We had a lot of discussions about fpdr. Fpdr now has an unfunded liability of \$3.4 billion. We have that liability on our balance sheet. We're reflecting that in our net position. We also have a dedicated property tax levy that we use to pay that obligation, the expense of that each year. The value of that tax levy that we have on -- that voters approved in 1948, the value of that on a gap basis is zero. We know that that's how we're going to pay for it. It's always been sufficient to pay for it. We test that regularly to see if it's adequate to be paid for. If we take into account that we really have this large liability but a corresponding way to pay for it that has tremendous impact on the way in which we measure net position. We know we have issued bonds for renewal and about 25% of those monies come back to us in the form of an asset from pdc, but all that debt is paid for from a property tax levy associated with urban renewal indebtedness. It doesn't create liability in terms of being able to repay that. We think it's fair to reflect that in our financial and restating of our positions as well. As I mentioned earlier the convention center bonds, we have an intergovernmental agreement between the city, county and metro where we receive monies from the county to pay on the debt. When you make those adjustments to the gasb net position you see what we have shown in this particular chart. Governmental activities over this ten-year period are pretty much flat. Not much change when you take into some of the things that were not allowed to include on a gap-gasb accounting basis. The orange line you see an overall net position trend that's stable to slightly growing. We think that that's a better reflection of the city's true underlying deposition and financial condition. What shall we do? We have had a lot of discussions about this, that we recognize that gap accounting has limitations in terms of accurately assessing financial condition in our opinion. It tends to focus on liabilities and give less focus or credit to contractual or other dedicated revenues that we receive over time. Like the fpr levy. Without adjusting for not gap items it can focus on the wrong trends. Certainly we're concerned about fpdr, but because of the way it's funded it's not a problem but if you didn't tear away and teeth out some of the things going on here you would folk uh all your energy on solving a problem that doesn't exist and miss the problem we have to struggle with, the perennial and consistent under-investment in infrastructure. That's the fundamental issue when you tear away the pieces of net position we need to be concerned about. We have been talking about council with that over the last couple of years and have made considerable effort to increase the investment we're making in our infrastructure. We have also been looking at how the most important thing we can do is make decisions that avoid short term and long term financial impairment. I'll talk more about that. One of the tasks I have been assigned is to try to give council and idea what are those long term financial issues we should be concerned about. Last year presented to uh the famous fiscal health snapshot that I know was a way to distill down a lot of complex information in categories that I think you and others have found very useful. When I started looking at the things that you should be concerned about and be paying attention to, I look at three general categories of fiscal activity that we should be always

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watching. One are our long term liabilities. Pers, fpdr, and other post-employment benefits. Pers concerns me because it's heavily reliant on high levels of investment returns each year. We have an unfunded liability with pers. We expect it will likely grow due to things like overturning of the morrow decision which reversed some of the decisions that would have helped save governments like Portland on their pensions. But in 2015 earnings were low for the pension fund. It earned about 2.1%. It needs at least 7.5% or more to stay even. This year was better, probably the only good that came out of the election was the stock market went nuts the last quarter of the year and we ended up with something a little over 7% earnings for pers. Even though that was not a bad year we know we'll fall behind so pers makes me nervous about its continuing impact on the city. Fpdr, currently it's in green status. I think it stays there even though we had some increases in salary costs and a wage settlement that increased police costs, also rolls through to fpdr pension costs. The most recent levy adequacy study simulates potential ranges of cost in real market value approximate tax over 40-year time period. The probability that the levy will be adequate over that 40 years has declined to only a 2.6% probability. The last time they did it was a 4% probability. Fpdr, if the tax system being stable the way it is as long as we have reasonable real market value growth I don't believe that's something we need to worry about. We always have to watch it. Our overhead actually declined. We're on a pay as you go funding system for that and that's the way we have advised council to proceed since we were required to begin reporting that back in 2008. When we look at infrastructure we know there's a lot of different areas we have to pay attention to. Utilities I feel comfortable with having stable and secure funding plan. They have a lot of needs in front of them but I'm confident they can continue making the investment necessary. I think it's cautionary that we should be always watching that. But I'm not as concerned about that particular area of the city's infrastructure asset as with other areas. Transportation is the one that we clearly have the most concern about. It's currently in red status, stays there we made some improvements over the last year. We have a gas tax. We have a heavy vehicle surcharge and things like that. That is helpful, but we know the undefined investment is like 100 million a year primarily maintenance. We know that's a continuing problem one that we have to focus on.

**Wheeler:** Can I ask you a question on that? I get the shortfall as far as sufficiency and resources to maintain the capital assets we have in place, but this is a fiscal report. The reality fiscally we're not going to spend more resource than we have. So when you're talking about the cafr and the issues that you take up in the cafr, are you looking at the declining value of the asset? Is that why this is on the report?

**Rust:** That's the linkage, mayor. The net position is an indicator that by itself suggests that the city may be in a position where over time it will be less able to continue and maintain the services that it's currently providing. When we look at what's causing the decline in that position, we tear apart the elements and one area that we have to pay attention to is the under-investment in infrastructure. Because going forward if we don't address that the ability of that infrastructure to provide the services that we expect will decline as well. So that can lead to further impairment of our ability to provide those services.

**Wheeler:** But is it actually the deterioration that rises to the level that's on the cafr? I can think of other services, mental health services that are not funded to the degree that they need to be. That's not on the cafr. So is transportation there because of the value of the asset deteriorating or why does it rise to the level -- what gets in the cafr and what doesn't?

**Rust:** That's a good question. What's in the cafr are things that are financial assets and liabilities that we're required to record under gap-gasb. There are a lot of other things clearly that don't have those kinds of values that we bring on to our financial statement that



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are important and argue they are more important but we're looking at those kinds of things that we're required to capture under gap accounting and what we see there is a consistent under-investment. There's a lot of interesting things about transportation. We have had this discussion last year, that we could spend \$100 million on transportation. Repaving roads, making them very smooth, but it may not be necessarily a capital investment. If it's not capitalizable it won't help close that gap between depreciation and capital investment. We have a lot of maintenance things. I'm not saying that that by itself is something that is going -- that we have to focus on and solve completely but it's an indicator. I think the indicator is important. When we have an under-investment where does that take us? The accounting information is useful and instructive but doesn't tell you all of what you need to do but if you follow it to its logical conclusion you end up with a significantly poorer infrastructure that can't provide services, people can't rely on to get to and from work, businesses cannot rely on it to get goods and services in and out of the city and it impairs things like growing wealth in the community and generate resources for other programs like mental health.

**Wheeler:** I'm sorry to my colleagues, could you go back to the report? I got it. That's helpful.

**Fish:** I have a question off the -- you know what my question is, Ken. What's your answer?

**Rust:** The answer is utilities are still in a very low status. We have done some work on the kinds of things and attributes to take into consideration that would move them from yellow to green status. Like being in regulatory compliance, maintenance of infrastructure at a certain level, rates and charges trending towards inflation, things like that. Generally speaking, we are getting very close to turning to green status. Water is probably a shade of yellow moving -- I don't have orange so I can't figure out the right color.

**Fish:** We have been actively lobbying for just a split circle. Just to be clear because when you're in yellow status encouraging us toward green it's important we identify what are the factors that you're considering. Maintaining our high credit rating. So we can borrow money at low interest rates. Remaining in compliance with all the regulatory requirements which of course at least recently has gotten more complicated because we're not sure where the regulatory environment is going in Washington D.C. It could go one of a number of ways. Continuing to invest in replacing aging infrastructure and resilience which our rating agencies give us credit for and that often means rate increases above ordinary inflation. So do we have the political will to continue to do that. As I understand it, the reason that we're not quite in green the number of factors are variable. Despite our best efforts there's some things that are out of our control. You've given us a yellow and admonition to continue.

**Rust:** I would like to have stretch goals for you.

**Fish:** Very good.

**Rust:** We talked about infrastructure liabilities, utilities we have. Others in the form of parks and housing, which has become a bigger issue than in the past. We made a lot of progress. We're doing great work but we know the need is great so I'm concerned long term about our ability to continue at the fund level necessary but we have to continue to pay attention there. We have legacy liabilities associated with the Willamette river superfund site and Columbia river levees. We're working through that as well. Those are things we need to pay attention to. Of course employee costs is the last category. Things that drive our costs up on employee side, wages, salaries, health benefits, pension benefits and where we put people all contribute to a potential for us to see expenses associated with employees growing faster than our revenues. That creates problems for us to manage. Last year those were the things I identified as being issues for us to pay attention to. Not just short term but on the longer term as well.

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**Fritz:** We don't own any housing. So what kind of housing goes into the grid that you assess us on as being red or orange-yellow?

**Rust:** We do own one housing project that's headwaters. That's what was done a number of years ago. With the new authorization that we receive from the voters and also some of the dedication of short term rental if we're going to finance and help build housing, for a lot of complex reasons we will probably be owners of housing. That type of financing can only be used for an owner. The housing -- we're not just doing it we also have tax increment resources devoted to housing that we support development of affordable housing through more traditional means. The housing thing isn't so much what we own, we know we have a big need and the city will be asked to support adding resources to meet that need whether we're the owner or contributing that in the form of grant funds to developers building affordable housing on our behalf. That's why I added that into that category. That's an expanding piece of infrastructure for the city.

**Fritz:** Does the housing bureau own the headwaters?

**Rust:** The city of Portland owns. That it's managed -- it was a project developed by pdc, financed by city general fund backed revenue bonds and owned by the city of Portland.

**Fritz:** So does this chart—so any Portland development commission assets as well?

**Rust:** No.

**Fritz:** Is that housing, that's relatively new or has that been on before? We have passed the bond and are going to become an owner --

**Rust:** I believe it was on there last year as well. I can check that. It was an issue last year but I think the issue is becoming bigger is my concern.

**Fritz:** Paradoxically the choice we made to provide more housing for people who need it then puts our city financial condition into a worse place. Is that correct?

**Rust:** I would say that if a worse place in the sense that -- I had a really interesting conference last week with the national federation of municipal analysts. A roomful of people that rate bond stuff. It was a session on distressed credit which we are not one. I was on a panel called managing the divide, a lot of divisions in the community and across the country, rural-urban, urban-suburban. I was talking about in Portland we recognize this is a big issue and we're concerned about the impact of inequality and equity in our community trying to make a more deliberate decision about the allocation of resources to deal with some of the divides, housing being a very big piece of that. We started to think about that, my scorecard is really financial oriented but kind of to what the mayor said there might be a whole bunch of other things we need to be measuring as well. How are we doing in terms of closing the affordability gap, income inequity gap, access to fully formed neighborhoods and parks and things. Those are important metrics that might actually determine the longer term sustainability and fiscal health of a community much like these other more traditional financial measures. If I was a bond buyer and I had a choice between two bonds and they were each rated the same but one community is doing a lot better job at bridging these divides to make the community more resilient, sustainable and supportive, a place where people want to come, grow wealth, invest, where would I put my money? Housing piece is an interesting way to start thinking about even though we can make that number whatever we want to make but it may make our community a better place to live long term and that has financial implications for the city of Portland.

**Fish:** I missed part of that when I stepped outside for a second. You refer to the city lights model when we use -- a prior council used for the headquarters, we considered city lights for gray's landing during the recession because we ran out of financing tools but decided a different route. Most of the housing we invest in we don't own. We just have a regulatory agreement.

**Rust:** That's correct.

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**Fish:** I'm sorry, I missed your colloquy with commissioner Fritz. We're putting a lot of money into housing but we don't own it.

**Rust:** Those assets are not reflected and we don't generally have liabilities associated with that. We grant funds and do things with pdc resources. Some of those are liabilities on our balance sheet but because we have a tax revenue associated with that it doesn't really impair us. One distinction that's different in-housing, we all have learned a lot about it, that the voter approved geo bonds and also the dedication of short term rental taxes to maybe support leveraging of financing if it's backed by the general fund as the city's general fund credit or unlimited taxing power behind it creates a lending credit issue under the state constitution and under city charter. Makes it very difficult -- I won't say impossible but pretty much impossible so far, to figure out a way in which we can give monies to developers to develop some sort of an agreement projects for us without tripping into the credit issues. Hence we may be more directly involved in direct ownership like the Ellington.

**Fish:** We may own it and partner with someone like home forward to manage it.

**Rust:** Then we have the liability we issue bonds but we have the housing.

**Fish:** That's actually good --

**Rust:** It's neutral at least. Not negative. Oftentimes we get into these asymmetrical situations we create the liability but we don't get the asset. We did good things with it but our net position is hurt by it. For example, we give the county 80-plus million for our contribution to the sellwood bridge we finance that with gas tax revenue bonds. That's on our balance sheet. The asset is on the county balance sheet. Is that a bad decision? It's a very important asset. It is an important arterial and bridge and it will be resilient in an earthquake but it was a good decision for the community but from a narrow financial standpoint not necessarily one that makes our balance sheet bigger. Better. Those are the kinds of things to be mindful of. Quickly finish off we talked with you last year about long term fundamentally the city has a math problem. That's that expenses are growing faster than revenues and we have to be mindful of that that there are things that are going on systemically that we have to pay attention to. We're going to have to cut expenses, reduce programs or services, increase revenues or some combination of the above. You can see that this year we're in a budget process now, we're cutting budgets. But general fund revenues are growing. They will be higher than ever. So we already see the tension in that mismatch between the rate of expenditure growth and revenue growth. Imagine a slow-down in the economy or recession we see a decline in those revenues. Those are things we have to be mindful of. If we don't start thinking about how to manage those long term problems, we will be perennially cutting budgets and that something important to think about as you make those budgetary decisions in the future. I just want to summarize where we've been it's been a long discussion. I appreciate the opportunity. We're happy to present to you the cafr for fiscal year ending 2016 as Michelle mentioned it complies with all required accounting standards. We have an unmodified from opinion from our outside auditor. You'll hear more from them. Our budget practices have assured we adopt a balanced budget each year. Our current position continues to strengthen. Fund balance is over \$600 million, the general fund slightly over \$100 million. We think making these nongap adjustments how we look at fpdr, other things that make our net position look odd, are better ways to get a sense ever the city's real financial position and also understand the things we should pay attention to. We think that that that's more reflective of the fact the city has a triple-a credit and has been that way for 40 years. The cafr is a snapshot of a point in time. Future challenges can affect the fiscal health of the city but we have weathered many financial storms and by developing good practices and policies now making decisions based on that we can make sure we can sustain a strong financial



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performance for the city and ability to maintain the services that our citizens depend on into the future. Happy to answer any questions.

**Wheeler:** Any questions from the council? Carla, is there any public testimony on this item?

**Moore-Love:** No one signed up.

**Wheeler:** Is there anyone who would like to testify? Three minutes. Keep it on point, please. Name for the record.

**Shedrick Wilkins:** I'm Shedrick Wilkins and I believe that in the future the city will have to cut social services. I believe that the city does things by building things like bridges, roads, infrastructure, but I believe only the federal government and the state government can decide the merits of social programs. Not the city. I think in the future there will be the schools, for example will start begging the city for money and the city will just have to turn away. Again, social services is very hard to say whether you need to hire people to manage that, and there are certain mayors that got over this. Bud Clark, for example, was drafted, he was a republican, by the democrats because the city of Portland was going in debt and mayor Clark actually won reelection and managed to cut the budget and got on the Johnny Carson show. [laughter]

**Fish:** I move to accept the report.

**Fritz:** Second.

**Wheeler:** Any further discussion? Please call the roll.

**Fritz:** Thank you once again for a very clear presentation. Always – the work of chief financial services officer Ken rust is fabulous. City controller Michelle Kirby, I think city controller is one of my favorite titles for anybody coming to work in the city, controlling a lot of money and also making sure that there are controls on that money. This popular financial report is definitely an improvement, a new thing making things much clearer for the population and the neighbors in Portland. Thank you very much. Good work. Aye.

**Fish:** I want to echo everything commissioner Fritz has said. I very much appreciate the way you're laying out the information and the very clear presentation today. Thank you for your good work. Aye.

**Saltzman:** Thank you for your good work. I vote for the popular report. Great. Aye.

**Eudaly:** Thank you for your work. I'm feeling a little left out because I don't have a copy of the popular report. But I will support it nevertheless. Aye.

**Wheeler:** Enthusiastically supportive. Thank you. This is great. As you can note, sometimes in government we tend to write reports for ourselves. In doing so we're unintentionally excluding the public who may or may not have cpas and knowledge of finance and what not. Ultimately it's their city. They face the consequences for better or worse of how we manage our fiscal situation. So I think this is a really great report and I appreciate it. Enthusiastic aye. The report is accepted. Karla, please read the next item.

**Item 103.**

**Wheeler:** We have auditor Hull Caballero here today to help introduce this item.

**Mary Hull Caballero, Auditor:** Good afternoon. For the record I'm city auditor Mary Hull Caballero. It's my pleasure to introduce Jim Lanzarotta, from moss Adams which conducted the audit of the fiscal year 2016 financial statements. I also have director of audit services from my office Drummond Kahn. The statements are important resources for taxpayers, investors and decision makers understand the fiscal shape of the city at a moment in time. Once management has prepared the financial statement, federal and Oregon law and city charter require an independent audit be conducted to determine if the public can reasonably be assured they fairly represent the financial position of the city. It's important to note what financial audits don't do. They do not provide opinions on whether the city is spending appropriately, making good decisions or what the long term future may

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hold. We have to rely on other types of assessments to determine the answers to those questions. The city entered into a contract with Moss Adams, a licensed municipal audit firm, to conduct this audit and my office oversees that contract. This arrangement ensures that the outside auditors have an extra measure of independence from managers whose work is being audited. I would like to acknowledge Drummond Kahn, and Fiona Earl for administering the contract and acting as liaison between the bureaus and Moss Adams. I'll turn it over to Mr. Lanzarotta to walk you through the results.

**Jim Lanzarotta:** Mayor Wheeler, nice to see you again. You may remember our years at Multnomah County. We still perform that audit. Just delivered within the last week their audit report.

**Wheeler:** Glad to hear it.

**Lanzarotta:** Commissioners, it's great to come before you. We finished the audit obviously back in November. Delivered our reports to management but it doesn't feel done until we get a chance to go over the results with you. Ken and Michelle already let the cat out of the bag so you already know the juicy stuff. Maybe that's okay, you kind of want those good results and so I'm here to echo that. I would like to just remind you about what it is you engaged us to do so we'll talk about the audit process to maybe solidify your understanding of what that is. Obviously you want to know the results. I think you know most of it already but we'll review that again. There are some required communications from an auditor so to meet our professional standards in performing an audit there are communications we're required to go over with you and we issued that to you in a letter form that you should have received already and I'm just going to hit on a couple things in that report. Then of course I want to answer any questions that you might have about the process. What did you engage us to do? I think you have a pretty good understanding of the audit. Lot of familiar faces here. You've seen me before giving this report. One new face at least. So I like to break the audit down for you into about five phases. Like five phases to what we're doing. The first one is that financial statement audit. So is this document accurate? Does it accurately reflect the balances at year end and results of all those financial transactions that you entered into for the year? Within that, there are several entities. Not only do you have the city but included in here is the Portland Development Commission. Their financials get rolled into yours. We do the audit of PDC. Fpdr was mentioned several times. There's a separate financial statement for the activity that runs through that pension trust fund. We audit that activity. Then there's also Hydro. You have a fund here in the city that records certain power operations and we do a separate audit and issue a report on that. So there's a financial statement piece. Also I think standing of the audit. That's the independent verification of the information, looking at invoices and source documents, talking directly to your banks, who holds the funds, cash and investments at the city. But a second phase is looking at internal controls. Ken already mentioned that, Michelle mentioned that. That we didn't find any findings. In putting this together, we have an obligation to look at those checks and balances that management uses to be sure that you're collecting accurate information here. If there are weaknesses in those controls and processes through your external audit, we have an obligation to inform you of those weaknesses. A third phase is that since you're an Oregon municipal corporation the state says auditors of Oregon muni corps need to test certain state legal compliance. There are seven or eight areas that we look at, probably the one that takes the most time is your compliance with local budget law. That whole process you go through of putting your budget together, informing the public, holding public hearings, then how you administer that budget during the year, there's a lot of state laws that cover that process. So we do the testing to determine if you met all of those appropriate state laws. That's just one area. There's public purchasing, there's where you put the cash and

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investments of the city. Do those meet requirements. Insurance. Programs funded from outside sources. There's about seven or eight areas. We issue a report anyway but that would identify any noncompliance. A fourth phase of your audit is testing federal grant programs. So the city's very proactive in writing grants and bringing resources into the community that weren't generated here. Any time you are involved in federal grants there are compliance requirements associated with that. So the federal government said, hey, auditors of governmental entities, if your client is receiving federal grant we want you to do some additional compliance testing. Then reporting if we identify noncompliance with any specific requirements to those grant programs. So we did that work and issued some reports there. Then finally a fifth phase I mentioned this before you have a phenomenal staff that I'm glad you had a chance to recognize their efforts. You put this document together. So in Oregon there's about 1700 governments I believe that issue financial statements to the state and it's the minority of them that have the ability to have that qualified staff on board with the technical knowledge to put this document together. You're very fortunate to have some very highly educated and qualified people that know how to do that.

**Fritz:** What do the other jurisdictions do?

**Lanzarotta:** Good question. What a lot of them do is ask their auditor to prepare that document. Our firm although we do some like that, our preference is not to do it because it kind of puts us in that awkward position where we end up auditing our own work. An auditor has to have enough comfort that even though their client isn't preparing the document they have enough knowledge to take responsibility for it. If we're not preparing it we don't have to go through the hoops to make that assessment. So some of our clients they don't audit they will engage a third party to come in. So sometimes there's a couple cpa firms in the mix. Someone prepares, someone else audits. That's another way to address that. That's another item. That fifth phase for us is really the technical review. We don't have to prepare it. Obviously we want to make sure it meets all the requirements. There's the audit. The results. You already know most of them. Clean opinion is what we call it in layman's terms. Unmodified is the technical term. So basically as a result of the work we performed, we came to a conclusion that this accurately reflects those balances and transactions and contains the required disclosures under governmental accounting standards. Very good job there. Also it was mentioned already on the internal control side we did not identified any significant deficiencies in internal controls. We had some best practice observations along the with management but clearly nothing that rose to the level that we would be required to report to you in a written form. On state legal compliance, again, no findings there. Our report is on page 332 of the cafr. There is one comments in there that you'll note that identifies a couple funds that ended with negative fund balances. That's not a noncompliance issue, but the state says, hey if there are some funds that have negative fund balances please point that out. Actually you point that out in the footnotes already. So management highlighted that. We did as well in that report. On the federal grant front, we ended up testing five of your grant programs. Five of the larger grant programs. The city received a total of 36 million of federal grants last year. There's a schedule in here that shows all of the grants that we tested. They actually totaled \$84 million. The difference are some loan programs you have outstanding. You have a lot of housing related loan programs and so forth. There was 58 million there. So the total of what you received in cash plus the loans outstanding come to 84. That was the pot that we chose programs to test. A couple things to note about that, we have to make an assessment of whether the city is a low risk or high risk auditee. You want to be low risk. If you're high risk that means that we have identified problems in the past or management has had experienced some issues in the past. Maybe they haven't filed reports timely with

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the federal government, for example, and we were able to determine that you're a low risk auditee. You have had a number of good findings from your federal grants. That's clearly where you want to be. In all of our testing of the programs there were no finding. No noncompliance was identified and we found the appropriate internal controls utilized to help meet the compliance requirements for those grants. Excellent result on your federal audit. Some required communications then clearly want to open it up for any questions that you might have. We issued a letter to you which has the different topics that we're required to cover. Again, I don't want to go over all of those but I thought there were a couple most boards want to hear about. One is did we meet the timeline. Michelle, city controller, mentioned how you moved up the timeline for issuance of your financial statements. You're our star client this year because most of our clients incurred challenges which actually delayed their process. The city was one of the few that actually got it done quicker. You took two weeks off of the process. I can remember not that long ago just barely getting the report issued before the year end. You moved it up to the middle of December, then to December 1, now November 15. You have plans to move it up to November 1. That's excellent. For our large governmental clients, they really struggle to meet that kind of a time frame. So hats off to your crew for the work that they did, which enabled them to meet that time frame. I'm really proud of Michelle. I know she's going to present at a governmental conference coming up and hopefully share with other finance officers the great things that you did which enabled you to hit that time frame. Another thing that our boards like to hear is did we find any audit adjustments. Were there any errors that required an adjustment to these numbers. I'm pleased to report that we did not identify any errors that existed where we went back to management to tell them, you need to post a correction here. Not only that but we have an obligation to tell you if there are past adjustments. So these are the errors that are not material but are they something you would want to know about and there were two. We identified two errors in these financial. One of them I would attribute to just how excited your staff is about getting the numbers. Oregon pers, you mentioned about the new pension accounting. Oregon pers publishes information necessary for you to post your portion of that plan. They posted numbers initially that were incorrect. So they were only on the state's website for about a week before that error was identified, and your crew grabbed that report as soon as it was posted and ended up using those numbers instead of the revised report that came out later. So there was an error that existed in your pension expense. There's also an identification of a landfill the city took over responsibility for a landfill there are some post closure costs that you will incur. The accounting standards require that you book that liability as you're accepting waste into that landfill and that obligation had not been recognized in your financial statements in prior years. Net effect of those two entries was only about \$2.7 million, clearly immaterial to your financial statements. Another thing that boards like to hear about is did we have any difficulties. When we're asking questions, getting funny responses, were they withholding information, did we feel awkward about any of that and we didn't experience anything like that. I would say we have a very professional relationship with finance staff. I think we have spirited discussions about how to do things correctly and those are all positive discussions. No difficulty. Then finally any disagreements. Are they pushing an accounting treatment that is not supported by the accounting standard or were they pushing us in any direction in terms of audit procedures and we did not have any disagreements with your staff. Again, some spirited discussions about how to apply the accounting standards, all very positive experiences. Feel like I'm talking 900 miles an hour but let me rest there and just ask if you have any particular questions or can I shed some light on the audit proceeds.



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**Fish:** I have a couple of questions. First for the benefit of our two newest members, how many years have you presented this audit to council?

**Lanzarotta:** Good question. We used to not present to you, believe it or not, when we first had the contract there were several years I think when your predecessor, LaVone Griffin-Valade, she instituted the process where we come before you and deliver the results. So there were a couple years under her leadership where we came and delivered this report to you and then the time that Mary has been here we have delivered this report to you.

**Fish:** About how many years have you been performing this function for the city?

**Lanzarotta:** Since 2006 I think. 2005, 2006.

**Fish:** So over ten years.

**Lanzarotta:** Yes.

**Fish:** That's I think important context because my recollection is in past presentations, you have flagged issues relating to grant programs and some internal controls. So in light of the fact that you have issued an unmodified clean opinion, what is your conclusion therefore?

**Lanzarotta:** Good questions. I believe in the letter that we issued to you there is a section at the very end that made comment on past comments from audits. Any time we have identified internal control weaknesses we have come to management with some suggestions for improvements. They made improvements. So all of those issues that have been identified in prior years have been resolved as a result of changes made to internal controls or processes to where those are now resolved and are not issues any longer. It's probably been a couple years. You have had some clean results so you probably have gone a couple years without findings from us in terms of internal control weaknesses. Same with the grants programs.

**Fish:** My second question is, what we have been advised is that by applying governmental accounting standards we have the opportunity to compare our financial condition against peer cities. The theory is you create a uniform set of standards and see where we stack up. But the take-away I get every year from ken's presentation is that few cities have a pay as you go pension like ours that we call fpdr.

**Lanzarotta:** Right.

**Fish:** We often get into this discussion about well, if we apply the government standards you would reach one conclusion, if you adjust for the fact that we have a unique system fully secured against the assets of the city you might see a different view. Would you give us your best guidance how to look at that question?

**Lanzarotta:** I appreciate ken's report to you. This is the second year I have heard ken come before you and talk about these long term obligations that he's instituted, green light, red light, yellow light way of looking at it which I think is fantastic. There's a couple ways to look at this. One is pure cash flow. Can we pay these obligations when the time comes? I think that's what ken is trying to help you with. Do we have the cash flow to meet these obligations and I think what he's telling you at least for fpdr is that you do. So you have this -- I appreciate that you evaluate that property tax every -- I don't think it's every year, about every two years you go out and the evaluation is over a 40-year period of time. There's an evaluation of what do we look like? Is there a chance we won't have enough property tax? So one way looking at it is do we have the cash to meet the obligation. I think ken is steering you there. A second way of looking at it is more of this kind of intergenerational equity. I think we used that term in reporting to you. The reality is that your employees earn the right to those benefits as they provide a service for the city. We didn't put money aside for that. So the issue is that there's a benefit provided to the community in prior years that's been earned but the city hasn't funded it yet. So the actual funding is going to come from future generations. Another way that's maybe not on the positive side is you have incurred

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that cost already, you haven't withheld revenues to pay for it, so a future generation has to pay not only a current cost but some -- they are going to have to cover that legacy cost I think is the term that Ken used. So there's an intergenerational equity issue that exists, but I think you've approached that too because you changed the system. Every police and fire person hired after is it 2006 I think is now going into Oregon pers, and you're funding that on a current basis. So your issue is with everyone hired prior to 2006. There's a legacy cost there that will take you 20 or 25 years I think to work through. I like Ken's predecessor called it the pig and the python. What will happen if this legacy obligation, imagine it working through the python there's going to be a period of time where 20 years of that generation is going to pay that legacy cost plus the current cost.

**Fish:** Thank you.

**Fritz:** I'm wondering if you can remember what the five federal grants were that you looked into.

**Lanzarotta:** Ah. It's not in here, is it?

**Fritz:** If you don't, I was just interested if you could get back to me.

**Lanzarotta:** It's not in here. It's in the single audit report issued separately. I don't think Sheila is here either.

**Hull Caballero:** There's a link in exhibit a that will take you to that.

**Lanzarotta:** I don't have that committed to memory. I apologize.

**Fritz:** Do you happen to remember where is our new landfill? I didn't know we bought an landfill.

**Lanzarotta:** Yes, it's kind of a sledge pond. It's for disposal of solids at your wastewater treatment plant.

**Fritz:** Thank you.

**Fish:** It's just across the slough. We saw a diagram last week or this because we came with a change order. It's where we treat the solids under the sun and now we're actually removing legacy solids to make room for new solids.

**Fritz:** I didn't realize that was a new thing. So thank you.

**Fish:** I thought she was going to ask you to tell us where those grants were because under one interpretation of some recent executive orders, we may not have as much federal money coming to the city in which case we're going to ask for a discount in the next audit.

**Lanzarotta:** And you will get that because if you have fewer funds there's lesser effort required to do that audit work.

**Wheeler:** Any further conversation? I'll entertain a motion and second.

**Fish:** So moved.

**Fritz:** Second.

**Wheeler:** Any further discussion? Is there public testimony on this item? Please call the roll.

**Fritz:** Thank you. Once again very clear and clearly stated. I appreciate the explanations as well as the work. Aye.

**Fish:** Jim I also want to compliment you for the subliminal advertising in your statement. On page 5 I notice it says, auditor independence in fact and appearance is essential so the public may justifiably perceive the audit process -- we will treat that as testimony for the matter that follows in the next time certain. I have had the benefit of being in this chair during the last eight years when you made these presentations. You do a superb job and there were a number of years where you identified things of some concern to the council. The most important thing for me is that you have gotten full -- you had no resistance from management and that the recommendations that you made have been embraced by the city. We'll always make mistakes. The question is will we correct them. You present a very

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complicated subject very clearly to this body and I appreciate very much your work and the auditor's office work on this annual exercise. Thank you. Aye.

**Lanzarotta:** I might comment on that. I probably should have said earlier, when we do these audits it's oftentimes where people don't want to hear from auditors. If we have a finding or there's kind of that and I guess our experience here with the city has never been like that. They have a true philosophy of trying to improve, so they embrace I think our observations and recommendations and it's been a great experience in that regard.

**Fish:** Thank you, sir. Aye.

**Saltzman:** Thank you. Aye.

**Eudaly:** Thanks. Aye.

**Wheeler:** It's a rare day when our fiscal team gets called out and I appreciate, ken, the work you did, your team did. We have a lot of the finance team that was recognized earlier in this chamber, and we recognize other employees when they step up to the plate and work longer hours so they can get something done or more quickly and more effectively. I want to appreciate and acknowledge that. The finance team doesn't always get the recognition they deserve but they are an important partner of all the work we do up here. It's really them and their hard work. I applaud the managers directly related to some of these recommendations. I listened very carefully for how managers respond to the kinds of issues that are raised in these reports. I couldn't be more pleased with the feedback that I have heard. I want to thank you for your thoroughness. It's really -- I had nothing to do with this. I'm inheriting what appears to be a pretty clean audit situation. I think that's a good thing as far as government accountability and transparency. So again, I'm an enthusiastic aye. The report is accepted. The next item is a time certain so why don't we take about a ten-minute break and auditor hull caballero, could I speak to you to walk through what I think the process is going to be? Thank you. We're in recess.

**At 3:07 p.m. council recessed.**

**At 3:20 p.m. council reconvened.**

**Wheeler:** We are back in session. This is the Wednesday, February 1 continuation of the 2:00 p.m. City council meeting. If the clerk could call the next item.

**Item 104.**

**Wheeler:** Very good. Before we invite the auditor and her team up, I would like to just set out what I think is the process this afternoon. I would like to get head nods on this. First of all, I would like to bring to your attention that there are three documents that we have. We have exhibit a, the consensus replacement amendment that takes into account all of the council amendments that were put forward during last week's prior discussion. We also have a second page that includes two proposed auditor amendments that I will ask to be included in a moment. We also have an extensive matrix that lays out all competing amendments as well as those already included. It basically lays out all amendments up to this point. I'll be using that as the basis of discussion for the amendments itself. So first I would like to move the substitution consensus amendment, exhibit a. Could I get a second?

**Fish:** Second.

**Fritz:** There was a change I didn't put it forth as a formal motion. It's on the front page. We had that discussion last week about including effective January 1, 2019, the salary of the auditor shall be the same as the city commissioner.

**Fish:** May I make a suggestion in we place the consensus substitute on the table and it's now been moved and seconded then as we go through the auditor's -- I think we understand we will have the discussion with the auditor.

**Wheeler:** I'll make a special effort to remember that as well. The auditor has further requested that I move and seek a second on two other proposed amendments before you.

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Thank you auditor's proposed amendment 2 and auditors proposed amendment number 3. At this point I will remind people there's no public testimony today. We already had the public testimony at the last meeting so the record is closed. We heard public testimony and received written testimony on this item. This is a continuation of the resolution process to move the auditor's proposal to the may ballot. So.

**Saltzman:** I'm curious why exhibit a is labeled a consensus replacement. There has been no vote on the amendments yet and my amendment is not part of the consensus replacement. How is this a consensus if my amendment is not part of it?

**Wheeler:** My understanding is that these are the issues where there was agreement between the city council and the auditor on these. There's no conflict between the council and the auditor.

**Fish:** This is a substitute. It is our intention then to propose amendments to it.

**Wheeler:** Correct.

**Fish:** Including commissioner Saltzman and commissioner Fritz's amendment and the auditor's two. Exclusive of those two amendments this incorporates the changes that is not in controversy.

**Saltzman:** That's correct. Thank you.

**Wheeler:** With that I will invite the auditor and her team up and what I would propose is we go through the amendments as listed on the matrix. Some of these amendments are already included in the consensus document. At the end of the discussion on each of the proposed amend presidents we'll vote on the amendments then take a final vote on the resolution as amended. Does that work for everybody?

**Fritz:** Yes, except I do believe we need to add commissioner Saltzman's amendment because it's not been --

**Wheeler:** We'll have that opportunity. It's in the matrix as one of the proposed amendments that we'll have a vote on today. We'll have that opportunity. It was not agreed to by the auditor and therefore is not in this substitute consensus amendment. Does that work for everybody? Good. So first off, the first item was mayor number one, these have already been included. I'm withdrawing mayor number 1.

**Fritz:** Which is about collective bargaining.

**Wheeler:** Thank you. Correct. Fish number one is up next. Commissioner Fish?

**Fish:** It's my understanding that this is in the substitute that you have presented before us, correct? I withdraw my amendment.

**Wheeler:** Commissioner Fish withdraws amendment number 1. Next is Fish number 2.

**Fish:** I will defer for commissioner Fritz.

**Fritz:** There was a discussion last week about whether this makes it more clear that the salary of the auditor shall be the same as it is now. I'm afraid by saying it should be in 2019 it implies the salary of the auditor could be anything up until that point even lower or higher than a salary of a commissioner. I would like to say the salary shall be the same as the city commissioner.

**Wheeler:** Commission hear moved the inclusion of a date specific.

**Fish:** Second for discussion purposes.

**Wheeler:** Second for discussion purposes.

**Fish:** I would ask to turn to the auditor, madam auditor, I understand the issue commissioner Fritz has raised. Her point is if we strike the language effective January 1, 2019, the status quo reverts, which is that your salary would remain the same as the city commissioner. What do you believe is the advantage of making this effective in a future year?

**Hull Caballero:** I strictly was trying to make it clear that even though the language without the date is what the status quo is, that this was just -- it's my understanding this is the way



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you would do something in a charter to label the effective date that something would start officially as a charter provision.

**Fish:** My read, my sense is that if the charter says the salary of the auditor shall be the same as a city commissioner and if this exchange, this discussion creates legislative history that you are and will continue to have the same salary, my only concern is the effective date might give someone a belief that it wasn't currently the law.

**Hull Caballero:** It is not in charter currently. I think it says currently that you set my salary. So it just happens that in practice it's set the same as yours. This just as charter language makes it -- gives it a start date it would have the force of charter behind it. It does not have the force of charter behind it today.

**Fritz:** Why wouldn't we want that to start right away?

**Hull Caballero:** I think this an expression to the public that this is not about the auditor sitting in the office today. It's intended to be for the auditor who has the next term.

**Fish:** I can turn to council for a second? I think you see where we're going. The intent of the council and the auditor is to clarify -- make clear that the auditor's salary shall be the same as the commissioner. Does the effective date language add or detract from that?

**Ben Walters, Chief Deputy, City Attorney:** So it gets at two different things. The language where it says the salary shall be fixed the same as a city commissioner, puts into the charter the practice that is currently followed, that the auditor's salary is set and is currently the same as a city commissioner. The clause at the beginning if it were to be included effective January 1, 2019, gets at a different concern, which is as the auditor expressed the charter change would not go into effect until the term of the next auditor election cycle. So it would not go into effect -- it avoids a potential question that could arise of is this changing the salary of the auditor during the term, current term of the elected official. The answer is that that's only a problem from an ethics standpoint if the auditor was participating in the election changing her salary during her term. That's not really a problem that's presented because this is being sent out to the voters for approval and therefore that ethical question is potentially one of academic interest but not a legal problem. So it's not necessary but if it's the auditor's preference that that be the case then that would be something to include.

**Fish:** Mayor, I'm agnostic on this. Do you have a view one way or the other? I think we've had legal advice that it doesn't add or subtract.

**Wheeler:** The legal advice we're getting is it doesn't matter, but the reality is we're not setting the auditors salary here. What we're doing is we're referring it to the voters for them to be able to decide and the question will be asked repeatedly over the course of the discussion leading up to the vote, is this something the auditor's doing that potentially rises to self-dealing. And having been in a situation previously I understand why the auditor would want this included.

**Fish:** On that bases then I would move my amendment.

**Wheeler:** Is there a second.

**Eudaly:** Second.

**Wheeler:** There's a motion and a second is there any further council discussion on this? Madam auditor?

**Caballero:** I just want to clarify the date will be in there, in your motion. Okay.

**Wheeler:** Please call the roll on the amendment.

**Fritz:** I think when you're doing the charter, it's the constitution for the next 100 years so having an effective date in there seems to be unnecessarily complicating it. No.

**Fish:** Aye. **Saltzman:** Aye. **Eudaly:** Aye.

**Wheeler:** Aye. The amendment is included. The next is Fish number three on behalf of the league of women voters. Just to clarify 5026-a the administrative authority it is my

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understanding this is already included in the substitute amendment. 2506-g is not. Commissioner Fish?

**Fish:** I withdraw 2506-g.

**Wheeler:** 2506-g is withdrawn.

**Fritz:** Without a substitute?

**Fish:** I'm not offering it, no.

**Fritz:** I thought I got a memo from the league of women voters saying that they--I don't understand what's happened here.

**Fish:** The auditor has accepted the first part of -- let's turn it to the auditor? What now is in the substitute.

**Hull Caballero:** In the consensus draft is 2056-a and we have -- at the request of the league of women voters, removed the word, policy and practices, that's the rule-making provision. The league also wanted 2056-g. And I thought that that was redundant to commissioner Fish's amendment number one which has a public comment provision so I was objecting to a need to form a committee to go over rules because I think with the public comment piece, will get at that.

**Fish:** So to be clear, when this was brought to my attention, I thought the most compelling part of the suggestion was clarifying reasonable public notice and opportunity to comment and public participation and that's been agreed to in the substitute.

**Hull Caballero:** Right, I thought that was agreed.

**Fish:** So that has been agreed to. Absent an agreement with the auditor, I decided to withdraw the amendment, the other portion.

**Wheeler:** Saltzman number one.

**Saltzman:** This is my one amendment. Yeah, so, as I said last week, I have no issue with the ombudsman. I think the ombudsman does great work. My opposition is a size of government thing. I don't think we should be locking into the charter, which is our constitution, as commissioner Fritz just said, a position or the office that goes with it. I feel that should be a discretionary -- it should not be locked into our charter because I just believe few positions are mentioned in our charter and I don't feel that the ombudsman rises to the level of being locked into the charter. I don't have a qualm with the ombudsman, it's just a size of government issue for me. So, I would urge an adoption.

**Fish:** I move the amendment.

**Wheeler:** Is there a second?

**Saltzman:** Second.

**Wheeler:** There's a motion and a second. Further discussion.

**Fritz:** I do appreciate the work that has been done to amend the ombudsman section. I agree with commissioner Saltzman that it's not necessary. We did hear a lot of testimony, however, that the public wants to have it there and we did amend the auditor has agreed to have an amendment that says that the ombudsman may investigate within the office of auditor's. We heard from the concern from the community that the ombudsman might not be able to investigate independent police review. With that change, I think it's good for now and hopefully we'll be having a full charter commission in a few years that can take another look at it. Aye. Wait am I aying or noing. No.

**Wheeler:** She is noing.

**Fish:** Commissioner Saltzman, I appreciate you bringing this issue forward. And I'm not persuaded that it should be taken from the proposal before us, but I appreciate your position and the conversation we've had. No.

**Saltzman:** Aye. **Eudaly:** No.

**Wheeler:** No. The amendment fails. Fritz number one. This is on the qualifications. Commissioner Fritz.

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**Fritz:** This was an either/or mass so I withdraw this particular one and instead move 1b.

**Wheeler:** Fritz has withdrawn item 1 --

**Fritz:** 1a. And I'm amending 1b after discussions with the auditor. She's very concerned about not limiting when the assessments have to happen and so I'd like to withdraw the last line, these assessments shall occur in the third year of an auditor's term. The rest of the section would remain. The auditor shall periodically conduct, but not less than every four years' organizational efficacy and compliance assessments, the results of which shall be public. I believe -- the auditor may contract with outside service providers to conduct the assessments.

**Fish:** I will second commissioner Fritz's amendment, 1b. I'm now just a little confused the auditor's proposed amendment as well. Can you and the auditor explain to us if we have a consensus amendment or two amendments?

**Caballero:** I do believe we have a consensus amendment.

**Fritz:** Right.

**Fish:** I second the auditor's alternative, which has been approved by commissioner Fritz.

**Fritz:** Just a question, madam auditor the last sentence says may contract with outside service providers. Would they not always be outside providers if their investigating within your office?

**Hull Caballero:** After we had some of our conversations after the work session, I went back to the secretary of state's office and they do a combination of internal review, as the work goes along, and then periodically, they bring in an outside to come in to work at their work it's a combination of peer review and external audits. We thought that was a good model and also, where they use some outside expertise is when they were setting up their procedures and the way they do human resources and procurement around those areas, so we thought that was a better model instead of having the whole thing having to go out and contract. We thought we could have savings having the hybrid like they do.

**Fritz:** To be clear, though, the point of this amendments was to make sure there is somebody -- not the council who's overseeing what the auditor does, it needs to be somebody that's not the auditor overseeing what the auditor does. Do you think your last sentence, increases the likelihood of that or decreases it?

**Hull Caballero:** I think the plan is to do both. Not expend funds we don't need to spend on outside expertise and to reserve that when we have enough procurement or when we have enough human resources work, then we would have people come in from the outside to review that work to make sure we're in compliance with our policies and procedures and state and federal law.

**Fritz:** To be clear, I hope that they every four-year audit would include somebody from outside giving an audit.

**Hull Caballero:** I believe we had made the language that the auditor shall periodically do this. So at some point in a term, the auditor would be required by charter to do that. And then those documents would need to be made public that's also in the language.

**Fritz:** I had not noticed you had deleted the contract periodically with outside service providers, that changes the points of the amendment. I was focused on what you and I had discussions about, with when it should happen. This amendment that I'm seeing now doesn't seem to insure that there's always an outside audit of something in the auditor's office every four years.

**Fish:** Can I ask a clarifying question of the auditor? Because you referenced -- you raised the question about efficiencies and cost. Is it your concern, here, that if you are required to use outside -- an outside service provider, that you may be incurring a cost that the council will not factor into your budget?

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**Hull Caballero:** I think that I am trying to apply some common sense to the scale of work we do in my office. And, to follow the model of the secretary of state's office, where they have internal peer review procedures and we've gotten their documentation about how they do that. And also periodically bring in an outside set of eyes to look at what our internal procedures and our peer review procedures are and provide insurance we are on the right track. So, it's a combination of providing accountability to the public, as well as not incurring a bunch of expenses dollar amounts that I don't think would be appropriate for the scale of the contracts and the work that we do.

**Fish:** To be clear, there is -- commissioner Fritz and you have reached agreement on the concept and the frequency. Now we're just debating whether it should be conducted by an outside provider or some combination of inside or outside?

**Hull Caballero:** Right. I believe we could get some of that from the rule-making.

**Fritz:** From my perspective no.

**Fish:** I want to make sure I understand -- I was trying to highlight I understood is the divide and now that question is for us to decide.

**Fritz:** I see.

**Fish:** I'd like to ask the mayor if you have a strong view on this.

**Wheeler:** I don't have a strong view because I don't understand the divide. I'd like clarity on that. The first part of the amendment says the auditor shall periodically conduct, not less than every four years, organizational efficiencies and compliance assessments the results which will be made public. What is being proposed here is the addition of the clause, contract periodically with outside service providers to conduct I don't understand what the substantive difference is.

**Fritz:** May I take a shot at it? If you look at the left-hand column, this is what I thought we were discussing. I thought that the only change that the auditor wanted which I agreed to is when the assessment should happen. The sentence above that says the auditor shall contract periodically, but no less than every four years with outside service providers to conduct organizational efficiency and compliance efforts the result of which shall be made public. So my intent was if we are giving a future auditor absolute independence, the public and the council perhaps in future years, will need somebody who's not us to say, how is it going within the auditor's office?

**Wheeler:** That makes sense in the treasury, we had internal auditors and external auditors, we heard from our external auditors earlier today. The internal auditors also have a audit committee that is a public engagement process, it's full of people who are really smart, they understand the importance of internal audits. They don't report to the treasurer they report to the public. Maybe that's one possibility, as long as we're having this debate. But I see what the commissioner is trying to say.

**Hull Caballero:** I would just say that it's my intent to use a combination of those things. We are -- and have been -- following the model of the secretary of state's office. I would not understand why we would want to put in charter that we had to use external reviews if the scope of the work that we're doing, in any given year, does arise to paying someone extra money to do that when we can provide the documentation and show the peer review make that available to the public. If somebody did have concerns about that, we could at that point, go and have an external review come in at the request of the public. But it would be, you know, in the term because we are required now, by the language in here, to do this in the auditor's term, that in my mind, the common sense way to go forward would to be have a combination of those things.

**Fritz:** I know you have the purest of intentions. We are talking about future auditors who might look at this kingdom or queendom where they have absolute control over the budget,

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over administrative rules, everything else. I would want to have somebody other than the auditor saying it's going well or it's not going so well.

**Fish:** Can I make a suggestion? I appreciate that this issue is being framed and we're making those reviews are made public. I think now we have a good faith question, perhaps disagreement, about what kind of outside and inside services and how descriptive we have to be. We have, before us, first and seconded, the right-hand column provision. Mayor, I suggest we test to see the appetite on this and if it fails in a vote then we come back and amend it.

**Wheeler:** Before we get to the vote, I have one more question. So, if I'm reading this correctly, if I look at how this is written and let's include, for the moment, for the purposes of discussion, commissioner Fritz's contract periodically with outside services to conduct. It's my understanding the way this reads now is there would be at least one external audit every four years. Plus, the auditor would have the ability to conduct organizational audits beyond that. Is that a correct reading?

**Fritz:** That's not the correct reading of what we're just about to vote on because the auditor's version doesn't have any requirement for an outside review.

**Fish:** You would need to bring a motion to remove the deletion in the middle of the amendment that's on the table so there would be a requirement every four years for an external and the auditor would have the authority to use a balance of inside and outside for reviews.

**Fritz:** That is exactly my amendment on the left-hand column without the last sentence in yellow.

**Hull Caballero:** If I may, can I clarify? The proposal, as we originally discussed it at the work session and at the hearing last week, was that to achieve some administrative independence, that we have procurement, human resources and the budget office who come in and do various checks on the auditor's office. We're removing those checks and we're replacing them with independent sources of checks. And so, for example, if we do four procurements a year, which is what we do on average, that we have some controls around our budget. We have things that are identified in code that we're supposed to be doing. And if we -- we're going to continue to use the council as the local control -- local contract review board. So, there are ways that the public can understand what we're doing and see this in ways that they haven't now. Because we're going to be making this material public. So right now, if the procurement or hr, looking at our decision-making on a transactional basis, they're looking at the front-end, we're going to continue to do those front-end checks but we'll have an external review periodically and that will also be made public. And so my only hesitation about having it be in the charter that we have to use outside service providers on any sort of regularity, that was my concern. If we can do it once in an auditor's term would be fine.

**Fritz:** That's why I removed the last sentence. There does need to be some kind of outside review, otherwise the auditor is not reviewed by anybody.

**Hull Caballero:** Well, like I said, if we do a contract, we come to you. Local contract -- there are checks that exist. And so if it -- is that you want to make the outside assessments in charter required --

**Fish:** With the understanding that a subsequent budget request may take into account the fact that you've been required to do that and you would give us the opportunity to determine whether you need additional funds to perform that function. It would be my expectation -- as long as I have the honor of serving on the body -- if we're requiring you to do that, you have sufficient funds to do that, that don't compete against other programs. Mayor, do we have consensus on this now?

**Wheeler:** Let's call the question, auditor two.



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**Fish:** As amended or not?

**Wheeler:** As amended. What would you like to do first?

**Fish:** If it's the auditor's as-amended, that reverts back to the Fritz amendment.

**Wheeler:** I'm happy to start with either.

**Fritz:** I'd like to vote on the amendments I proposed --

**Fish:** Fritz amendment, which requires an outside audit. Can you live with that?

**Hull Caballero:** My objection to commissioner Fritz's wording was that the assessments -- that they shall occur in the third year. I think that that is overly prescriptive for charter language.

**Fritz:** We'll remove that.

**Fish:** If we remove that from Fritz 1b, are you agnostic on us proceeding with this?

**Hull Caballero:** I would also say, that in hers, it requires that the auditor shall contract.

**Fish:** Correct. Every four years.

**Hull Caballero:** So, I would think that that would be something that we wouldn't want to order a contractual relationship for this review.

**Fish:** Your alternative language was, shall periodically conduct.

**Fritz:** Without outside. The audits that we're used to are things we look through as a means to do things better. The other way of doing audits is to look at that's something that the public needs to have during each auditor's term.

**Fish:** I view conduct and contract as functionally the equivalent with the distinction that contract matches up better with outside service providers with the understanding that's in your discretion.

**Hull Caballero:** Commissioner Fritz's -- with the last sentence withdrawn, I think gets at her concern.

**Wheeler:** To be slightly annoying, can I get a motion and a second on the amendment to the amendment?

**Fish:** So moved.

**Fritz:** Second.

**Wheeler:** Is there any further board discussion on the amendment to the amendment? Call the roll on the amendment to the amendment 1b.

**Fritz:** My understanding is we're voting on my version without the last sentence.

**Wheeler:** Not yet. We're getting there. This is one step up the hill.

**Fritz:** Would you like to tell me what I should vote on this. aye.

**Fish:** Aye. **Saltzman:** Aye **Eudaly:** Aye

**Wheeler:** Aye. We already have a motion and a second on 1b any further discussion as amendment.

**Walters:** As a point of clarification you're voting on the language set forth on the left-hand column.

**Wheeler:** Fritz 1b and we've already passed the amendment to the amendment. We've stricken the last line. Now the question on the table is amendment 1b, as amended. Call the roll.

**Fritz:** Thank you, colleagues. See how much I trust you commissioner Fish. I ask you what I should vote and you tell me that's very helpful aye.

**Fish:** I appreciate this conversation and it is completely consistent with the collaborative way in which the auditor's office and the council have approached this. Aye.

**Saltzman:** Aye. **Eudaly:** Aye.

**Wheeler:** Aye. Thank you. So, the Fritz's 1b has been approved. Fritz number 2-505, pertaining to the budget.

**Fritz:** Shall I introduce this? This is a similarly-complicated one. This is about the budget. The order has provided helpful revisions to the language, just clarifying how the budget

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gets done. There's also an addition of a carryover proposal, which will be the subject of the second motion.

**Fish:** Would you move the auditor's three?

**Fritz:** Yes, I move the auditor's 2-505.

**Fish:** I will second it. Mayor, if I can just comment. The changes that the auditor has incorporated reflect testimony we received and some concerns that were raised and in my view, greatly strengthen the provision towards making clear that the council and the mayor have the final say on the auditor's budget and so I appreciate those changes.

**Wheeler:** Very good.

**Fish:** I understand there is now an amendment -- someone's going to offer an amendment to this amendment.

**Fritz:** Do we vote on it first before I amend it?

**Wheeler:** You have to bring it.

**Fritz:** I propose we delete the line that says the budget may include carryover of any unused funds from year to year as provided by state law.

**Wheeler:** Is there a second.

**Saltzman:** You're deleting it or adding it?

**Wheeler:** She is moving that we delete that it may include carryover of any unused funds from year to year as provided by state law.

**Saltzman:** I'll second.

**Wheeler:** It has been moved and seconded again this is an amendment to an amendment, madam auditor.

**Hull Caballero:** I view this as an important element in addressing the organizations impairments that are related to the budget process, in which we've discussed before. It essentially removes the opportunity for the budget office, which we audit, to have influence over the auditor's budget. The overall section in the proposal is -- I mean; the carryover is in keeping with the overall dialogue about the auditor's budget. It's about mutual respect for our separate and distinct responsibilities. In our current process the auditor's unspent funds at the end of the fiscal year are returned to the general fund. What I am proposing is these funds remain available to the auditor's office. That would mean that the auditor has access to a reserve of funds for unforeseen access or to save for a future priority. It is met so long as the funds are spent as previously approved. My obligation to manage the affairs of the auditor's office can be met without having to ask permission for funds on a case by case bases. Because of the commission form of government, it is always true that the auditor is asking permission from officials who have competing priorities they'd like to fund and the auditor has no champion or vote in the budgeting process. Let me use a recent example to illustrate how I would have used carry over funds had I been able too. An employee, an independent police review, received a voicemail message in which the caller threatened to blow his head off. The caller walked into ipr. He appeared to the investigators to be unwell. This unnerved the employees, who share space with the council clerk's office. A security review a few months prior, indicated that physical buffers needed to be added to the counters in ipr and the council clerk's office. They cost more than was available to me in my budget. It was an unforeseen expense. And I did not get permission to access maintenance funding through facilities. I did not get permission during the budget monitoring process because the buffers were not a priority. I have lost track of the status of this request, which I believe has been consumed about a larger concerns of security for this building. My employees are as exposed to the danger today, as they were when it occurred. I can't tell them when or if to expect the buffers. If I had access to funds, they would not be waiting for this small measure of protection. It does not mean that the mayor and council lose control over the funds. They can be factored into appropriations,

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should you decide they are not necessary for the duties and responsibilities of the auditor's office. The annual sums would be small, we estimate that would be between \$100,000 to \$200,000 and probably that number would be going down, given that we're undergoing some cut years. They would provide a measure of management control that is important to the independence of the auditor.

**Fish:** I'd be interested in the sense of the council before we move on this because we have a couple of options. Just of my colleagues?

**Fritz:** The only place I know of in the charter where any elected officials has control over any amount of money, by him or herself, is the \$5,000 that the mayor has authority to spend at will -- so, this -- all of us have the same challenge if something happens in our office, we have to put it forward and have the discussion. As I said at the hearing half of all unspent money goes back to the general fund and is used on critical infrastructure maintenance. We have huge deficits in infrastructure maintenance that need to be funded. The auditor would have the same ability to ask for a carryover with a specified purpose and the council will acting in it's capacity as the budget committee by state law and can approve that. This amendment essentially takes away the amendments I had in the first place. I believe it's equally confusing for folks.

**Wheeler:** So, I asked the budget office about this provision. And what they told me is whether -- if that line is included, it doesn't materially change the current budget process. It says may. So it still makes clear that the final authority rests with the budget committee, which is the city council. But, it's -- here's the balance I think we're trying to strike here. The balance is -- the operationally, the auditor is correct. The numbers have been relatively small and longer-term, the question is, if we have -- if there's the implication in the charter that the city council does not control those funds, the concern is the auditor essentially becomes a super agency if those savings start to add up at a time when the city could be needing funds for other purposes and we are given the legal authority, as the budget committee for the city, we're responsible for the budget overall and making tough decisions on how to balance competing interests. If that provision is stricken, it also doesn't materially change the current procedure. It is still this committee's responsibility to allocate resources.

**Hull Caballero:** Mayor, if I may. While I agree with you, you always retain responsibility for the budget. In my mind, it doesn't give the auditor any sort of super control of those fund. I think what it does is change the presumption that they're automatically going back into a fund where the auditor's office is the only one who doesn't have a champion or a vote and trying to compete for funds in that process, I think it starts the conversation presuming that the funds reside in the auditor's office, if the auditor can make the case to you and to the council, that we need those funds for a specific purpose or for an unforeseen expense.

**Wheeler:** There's two solutions I see mini stalemate. Solution number one is to put a limit and it could be percentage of allocatable budget. So that it doesn't just keep growing in perpetuity. I think that would alleviate some of the concerns you're hearing from fellow commissions. We could be very explicit and add language that clarifies the city council's roles of the overall budget.

**Fish:** Let me -- I think -- I'm intrigued by one of the alternatives the mayor has proposed. As a percentage, it becomes subject to interpretation and because this is the charter, I would, in its place, suggest given a history, that I would just pose as an alternative that we cap -- we set a hard cap of \$100,000 so that we're clear that it is in keeping with historical norms and is not designed to set up an unlimited kitty. If we were to keep the language in here, it's clear to me that we can essentially treat that as a credit against your budget requests to avoid you getting a windfall. So, that's how we would address it through the budget process. If you carry over \$100,000 and you ask for \$1 million, we get to say, you

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already have \$100,000 towards that \$1 million. Commissioner Fritz raises an important point that ending fund balances, currently now, revert to a process where half the money is allocated to major maintenance. That is a new policy and she was the champion of that. The money here is de minimis. The question I would ask you is what is your opinion about capping it at \$100,000.

**Hull Caballero:** I'll introduce Sarah Landis.

**Wheeler:** I want to give commissioner Eudaly an opportunity

**Eudaly:** Thank you, mayor. I'm feeling torn on this issue. I feel that commissioner Fritz has brought up valid issues and the auditor has, as well. But I don't -- I'm not seeing how these various solutions ultimately are functionally different. Is it my understanding that we could say, yes, you could keep -- keep the funds, but we may decide to take them back anyway?

**Fritz:** My understanding is that by state law, the council has -- is the budget authority and that we can't bind future councils. So if it says in the charter number, \$100,000, that is intending to be binding on future council, is against state law. We're going to have another process in a few years to look at this again. I suggest we want to see how it will work out and have the conversations and we can put something in later. Trying to do it on the fly with picking a number -- the number has averaged almost \$500,000 a year.

**Fish:** There is one more safety valve. It is the prerogative of any of us, all six elected officials, to request that a certain amount of money be encumbered. We do that by -- in a formal way, if there's a pending contract. It would be my expectation that if the auditor said that there was a purpose towards -- there was a need for carryover funds that met health and safety, security issue or the like, that that would simply be resolved by her communicating with the mayor that need and the mayor agreeing with the budget office, that we could then sort it out in the budget process later, but so as not to deprive you of those funds.

**Wheeler:** I agree with that.

**Hull Caballero:** That is my goal, essentially, the ipr is the perfect example. I think that's what we're trying to get at with this language, it continues the dialogue.

**Fish:** We have gotten to consensus on just about everything here. Would you consider accepting auditor three with the amendment that we delete the carryover language based on the record we just created that makes clear if there are carryover funds that you need, you would be accorded the same courtesies as other members to approach the mayor and budget office for an encumbrance? Then we'll work that out to rule-making, to make sure it's embedded in our understanding. And then test-drive that to see if it works for you?

**Hull Caballero:** I think that that is one way to go forward. And also, you will recall that I would like to continue a conversation about a pilot project and we can continue these conversations in that avenue as well.

**Fish:** I think you're hearing the commitment of the body to be flexible in meeting your goal. The trade winds seem to be in favor of deleting. I would first give you the opportunity to agree to a friendly amendment to delete that sentence.

**Hull Caballero:** Yes, if we can hopefully continue the conversation.

**Fish:** What don't we take up the amendment to delete it.

**Wheeler:** This is an amendment to the amendment to delete the auditor's budget may carryover of any unused funds from year to year as provided by state law. Any further conversation? Please call the roll call.

**Fritz:** Thanks to all six elected officials for this important discussion. Aye.

**Fish:** Aye. **Saltzman:** Aye. **Eudaly:** Aye.

**Wheeler:** Aye. So, auditor three is the amendment to the amendment, has been approved. Now we're to the main motion, which is auditor three, as amended. Any further discussion?

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Madam auditor, any further discussion on this item? Karla, please call the roll on auditor amendment three as amended.

**Fritz:** Aye. **Fish:** Aye. **Saltzman:** Aye. **Eudaly:** Aye.

**Wheeler:** Aye. Just to make sure we're doing the paperwork correctly. I assume, then, commissioner Fritz, you've withdrawn Fritz number 2.

**Fritz:** Yes.

**Wheeler:** Next up are Fritz number three through five and it's been brought to my attention that there's been consensus between you and the auditor in the substitution language under exhibit a.

**Fritz:** Yes, I'm very happy we were able to work it out something that says very clearly. The compensation system established by the charter change and by the auditor will generally follow the classified services for the rest of the city employees.

**Wheeler:** Okay. So we have now withdrawn a number of amendments. We have passed a number of amendments. We have amended amendments. At this point, I would like to propose we take a 10-minute break to digest this and I'd like to have a conversation with the auditor, if I could. And, assuming that we continue as we're doing, we will come back and then we will vote on the main motion, as amended. So, we'll take about a 10-minute break.

**Fritz:** Just a quick point of clarification. The three through five version that the auditor and I agreed on is part of the main document now?

**Wheeler:** Very good. Thank you for that clarification, commissioner. Thank you.

**Fritz:** One more amendment? I think that's Mr. Handelman is talking about the last amendment I believe that's in the consensus version that the officer-- yes it was I think you weren't here at the beginning Mr. Handelman that we did include in the shared version that the ombudsman may investigate the office of the auditor so we added to ombudsman D that the ombudsman can investigate any bureau whatever including the office of the auditor and thank you for bringing that to our attention last week.

**At 4:13 p.m. council recessed.**

**At 4:24 p.m. council reconvened.**

**Wheeler:** We're about to take a vote, also. I want to clarify, first of all, there was some question as to whether the ballot title would need to be amended. I'm advised that it does not that the ballot title that we have is good. What we're going to be doing is voting on a resolution to refer out a ballot with a revised exhibit as approved previously by the council in proceedings until now. Before we get to the point, first of all, I'm going to ask if there's any further discussion on the main motion, as amended. If not, I'm going to turn it over to the auditor and then we will take our vote. Is there any further discussion, at this point? Madam auditor?

**Hull Caballero:** I would just like to say how much I appreciate the conversations that we've had over the last few weeks about the auditor's office. You may know more about my office than you ever thought you would. [laughter] I would like to affirm to the mayor and commissioner Eudaly that I don't spend a lot of time in this chamber. I really appreciate all of the collaboration and the conversation I have -- would like to acknowledge the work of city ombudsman, Margie Sollinger, who has shouldered this responsibility for months now. I'm sure she's looking forward to go back to her day job. And my predecessors Jewell Lansing, Gary Blackmer, and LaVone Griffin-Valade, who have been a source of wise council through this process. And I think I thought there were times I not it wasn't going to work out and so they were very supportive and encouraging to keep going. And I also want to acknowledge the people who came to this chamber last week, in great numbers. I was very surprised by that. And 27 people signed up to testify. And it's a



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charter amendment about the auditor's office. And so that very much surprised me and I'm very appreciative to them, as well.

**Wheeler:** Thank you. And with that Karla can you please call the roll?

**Fritz:** Thank you. If I might -- as I'm voting, I'd like to make a request if the wonderful ombudsman could do one final thing for us and put together all of the amendments that we did today and get us a version back tomorrow if possible. We do have an early council session tomorrow. I want to make sure we all agree on all the backwards and forwards.

**Wheeler:** If I may, the clerk is going to overtake the process with the ombudsman to go through the testimony, line by line, and make sure it's accurately reflected and all members of city council have access to that.

**Fritz:** And if possible, by tomorrow afternoon in case we do have to do any clarifications. Thank you very much. I greatly appreciate the auditor and the previous auditors who came in for the hearing and all of the folks who scrambled very quickly to give lots of in depth testimony, especially the league of women voters and Portland cop watch. I do feel, in some ways, regretful, that there wasn't time for a full process, to look at the independent police review. However, this amendment, at this point, is one which I do believe is appropriate to ask voters for a yes or no. So, thank you to everybody. Aye.

**Fish:** Colleagues, madam auditor, last week I made an extensive state on the record, as to why I strongly support this effort to strengthen the independence of the auditor's office and why I think this is a singularly important reform effort. I put it in the perspective of others and I think it deserves to be here. I will not repeat myself. I have some thank yous and an acknowledgement. First, I want to thank the auditor and her staff for the way they engaged the council on this fairly complicated subject. And, I cannot remember a time when we had a more collaborative exercise among colleagues. And there are six elected officials on this side of the river and we are all independently elected and we are each deserve to be treated with respect that goes to the office and I believe we have modeled behavior through this exercise that I think can be a standard for how we engage in future issues. I want to thank Margie Sollinger for her work and she has spent a lot of time working out the detail work and now she can go back to doing her day job. But it has been an absolute pleasure working with you on this and I thank you for your service. I want to echo what commissioner Fritz said, to thank league of women voters, cop watch and the neighborhood folks and everyone who came in and helped us get it right. A special thank you to Debbie Aiona who presented a good idea, which will be reflected not only in the referral, but in subsequent rule-making when we discuss how the public will be engaged going forward. And I thank Debbie for that. I want to -- I want to thank all my colleagues, but in particular, I want to thank the two newest members of the council. You know, it has not been a very eventful month and I don't want them to get the wrong impression of what it means to serve in city government because sometimes we have crisis that we have to deal with. We hope you have not been lulled into a false sense of complacency. I've been on this body for eight years and the last month has given me a great sense of hope for this body and the way in which we will, as a governing body, lead moving forward and I particularly appreciate what our two newest members to the council have brought to the dynamics and chemistry of this body. I want to thank Jim Blackwood and Sonja Schmanski for all the work they did. Each of us have staff people who are worked diligently on this. I want to just say -- close by saying, on a personal level, it was a thrill to have Jewell Lansing here. She literally wrote the book and she had a very strong view that she shared with us and it was a memorable moment. I want to acknowledge another leader, who was particularly strong in the advocacy that she brought to this effort, with me, and that's former governor Barbara Roberts. Governor Roberts reached out to me and offered a perspective about former secretary of state. And I believe she is our most esteemed elected official,

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past or present, and I took very seriously the concerns she raised and I thank her for being my friend and role model. If this is passed, we will be able to support the referral, which I will do enthusiastically. We'll come back and do rule-making if it passes. I'm very proud to cast an aye vote today.

**Saltzman:** Well, I appreciate auditor, your determination. Going back at least six-seven months to bring this to fruition today. I think you've had a clear vision of how to make your office more independent and you have pursued that and I appreciate that. And although I may have disagreed on some of the details on what to do, I have a fundamental respect for the job you've done as well as the ombudsman to craft the proposals. I want to recognize the mayor's office. The mayor's office work with the auditor to help get these amendments to the point where we are voting on them today and I want to acknowledge that. Pleased to support these and I hope the voters will say aye on whatever day in May that is. Aye.

**Eudaly:** I was pleased to be a part of this process. It was very helpful for me, as a newcomer, to deepen my understanding of government, as well as the function of the auditor's office. I'm excited to get to vote, yes, on this referral. I'm almost assuming that it's passing now, so I need to moderate my enthusiasm here. I'm also looking forward to the public, perhaps, learning more about the function of the auditor's office and hopefully seeing the office put into the proper place in our governmental structure. As well as being able to reassure the public that we are being held accountable. We will miss you, madam auditor, please don't be a stranger. Aye.

**Wheeler:** Well, let me add my thanks to the record. This is obviously -- I will use the word, historic. This is a historic moment. It's not every day that we refer such a significant charter amendment to the voters. It's one I obviously heartedly support. Madam auditor, this is an excellent example demonstrating that leadership and consensus-building go hand in hand and your team did a phenomenal job in making that happen. Government accountability is under siege. And we're looking for ways to give the public confidence that this body is, in fact, an accountable body. And I believe the independence of the auditor is critical to making sure that the public has the confidence that there is somebody watching the watchers. Which effectively is what we have here and I think it's a very appropriate function and a necessary function. I also want to thank the auditor's team. There are a lot of people in this city hall and in the other buildings around town that work very, very hard. Their work is often. We heard from accountants who worked hard to get our financial audit in order. The financial auditor described the city of Portland as a model client. I think he even said a star client, which is a pretty remarkable thing for a financial auditor to say. I absolutely want to thank your team, because I know there are a lot of people who worked long and hard behind-the-scenes, answered tons of questions. The ombudsman, Margie, you did just a tremendous job here and I want to add my thanks to my fellow commissioners. I agree with commissioner Fish; it was exciting to see four former auditors -- this is a function that sometimes doesn't get the acclaim it deserves. It's not held up in the spotlight. But it is fundamental to our democracy and so I think whatever we have done, whatever we can do to strengthen that function is critically important. I agree with the auditor. I was actually surprised how many people came to testify. They weren't just testifying halfheartedly, they poured their heart and soul and it was fact-based. Nearly all of them used the word, accountability, at some point during their testimony and I want to underscore that. I'd like to thank others throughout the city, the budget office, the legal team, the office of management and finance. A lot of people worked very hard with us, with the auditor and others. In my own office, everybody touched this at some point, Kristen Dennis, she put Henry Kissinger to shame in terms of shuttle diplomacy. I want to thank you, Kristen, for your work and the auditor and her team for being very, very responsive to

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the back and forth that was established. I want to remind everybody that this is one of those things where we, on the city council, don't get the last word. Nor does the auditor get the last word on this issue. This is going to be referred to the voters and it's up to the voters to decide whether or not this is something that they want to include in the charter for the city of Portland. I obviously will be encouraging that they do. But that is their determination. I'm an enthusiastic aye. With that the resolution is adopted as amended.

**Hull Caballero:** Thank you very much.

**Wheeler:** We are now adjourned.

**At 4:38 p.m. Council recessed.**

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**Key: \*\*\*\*\* means unidentified speaker.**

**FEBRUARY 2, 2017 2PM.**

**Item 105 and 106.**

**Wheeler:** Good afternoon. This is the regularly scheduled meeting of the Portland city council February 2, 2017. Clerk if you could please call the roll.

**[roll call taken]**

**Wheeler:** Couple of housekeeping items first of all. There are a ton of people here. That's a great thing. It's a good thing for democracy. However, we are not allowed to block the aisles. So I want to make people aware that there is an overflow room in the Portland building. It's the blue building right across the street in the auditorium on the second floor. When we get to the point of public testimony you won't be left out if you're there. The clerk will call names six deep so you'll have plenty of time to make your way to the council chambers so that you'll be able to testify. It's my understanding there's already quite a few people there. That's the first thing. I want to let you know the order of things. I'm going to speak very briefly on the -- take the liberty as the presiding officer and speak briefly to item 106. We'll then go to 105, which is what the majority of people are here to discuss. I'm going to turn the microphone over to commissioner Eudaly. She will introduce the joint item. She will then introduce invited testimony. I'll then ask my colleagues if there are any amendments that they would like to place on the table and I know there are some that will be placed at that time. Then we'll go into the public testimony. Assuming there are not further council deliberations at that particular time. I want to be very emphatic today about allowing people's testimony to be heard. This is an issue that people are very passionate about. There are lots of different opinions on these issues. And everybody has a right to be heard respectfully in this room. If you like what you're hearing, give a thumbs up. If you don't like what you're hearing, you can give a thumbs down. That's fine but we don't have time for cheering, we certainly don't want booing or other expressions. We want to be respectful for all people and commissioner Eudaly appeared I have agreed that that is how we would like to comport this meeting so that everybody has an opportunity to be heard. When we get to the general testimony, I know that there are a number of people with small children who are here and given that this testimony is probably going to go on for quite some time I would like to offer people with small children the ability to come up first in the queue. Or people who might have some disabilities that require them to come up early in the queue or others who have hardships that require them to come forward in the queue I would ask that they please get the clerk's attention or when they sign up for public testimony if you could denote that that would be helpful. We'll try to accommodate you first. Without further ado, with the agreement of my colleagues, commissioner Eudaly and I would like to withdraw item 106. Instead what we have decided to do is draft a letter that goes to the office of management and finance as well as the city budget office. What it seeks to do is reduce the cost, the time, and any for lack of better word hassle factor associated with bringing affordable housing online in the city of Portland. It was being brought as a resolution but in conversations with my colleagues we don't need to have a resolution. I believe through directive I can get this process going as part of the ongoing

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budget process. Commissioner Eudaly, who co-introduced resolution 106 with me, is in concurrence. I have had a chance to meet with my fellow commissioners and we're all in agreement particularly given the time that item number 105 is going to take it's best we withdraw 106 and make that a mayoral directive. That's what I'm going to do with the agreement of my colleagues. So ordered. Clerk, if you could read the next and only item for the meeting. I should mention one other thing. It's now 2:15. We're going to try to get out of here at 6:00 so we'll do a reassessment about 5:30 and we may take a break or two over the course of the hearing for what commissioner Fish likes to call humanitarian purposes. Please read the identity.

**Item 105.**

**Wheeler:** Commissioner Eudaly.

**Eudaly:** Colleagues, community members and special guests thank you for joining us today to hear testimony on this relocation emergency ordinance. First some housekeeping items. Parents and care providers we set up a child care room on the third floor with snacks and crafts. I think most of you have discovered it. But if you haven't please check in with Pollyanne at the front desk in my office just to the left up here on this floor before proceeding to the third floor. We have asked most of our invited guests or guests giving invited testimony to limit their testimony to three minutes so we can move on quickly to open up the conversation to public comment. Depending on the number of people who signed up to comment, I heard it was over 100, we may need to reduce the time from three minutes at some point to hear from everyone before that 5:30 cutoff. I want to encourage you if your point has been made to perhaps not repeat it and just come forward and express your support. Save some time for people coming up behind you. Think of the essential message you have to share in case you have to edit down to two minutes or one. We have arranged for interpreters for Spanish and Cantonese speaking people. Those speakers will be given extra time to accommodate interpretation. Finally, I want to reiterate what mayor wheeler has requested, that we keep disruptions to a minimum. As much as we love to yell and cheer that does take time away from public testimony and heats up the room. I would love to see a lot of twinkle fingers today or thumbs or whatever. So I have been living and breathing affordable housing and tenants' rights issues for two years. It's what inspired me to run for city council and is in no small part why I was elected because the fact is the majority of Portlanders support rent stabilization and increasing tenant protections. Some people have asked me what's the rush on this ordinance. The fact is members of my team were working on relocation for months before we took office, and the housing crisis has been growing for the past decade. So we have to ask what's taking so long. Emotions are high on both sides of the debate. For the past 30 years' landlords have been allowed to involuntarily displace tenants through no cause and defacto economic evictions and we're asking them to share in the burden brought on our residents, communities, our city and our desire region. The fact is we're all paying for this crisis whether it's through public dollars we spend on affordable housing, rental assistance, and homelessness, or the various ways that this crisis is harming our neighborhoods, communities, schools, small businesses, local economy and the overall quality of life for all of our residents. As former secretary of label Robert Reich recently said governing by anecdote is not governing, it's demagoguery. It's been disappointing and frustrating to witness opponents to tenant protections resort to playing on the public emotions and prejudices rather than based their positions on fact. I'm going to share a personal anecdote with you today anyway. My parents became landlords in 1979 when they bought their second home and moved our family from gales creek to Sherwood. Early on they made a misjudgment in tenants and had to evict them for nonpayment of rent and other serious infractions. The tenants responded by breaking every window in the house, filling it



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with garbage and using it as a dog kennel for an untold number of days so you can imagine with that looked like. My father was driving home from assessing and photographing the damage on a rainy day in October 1983. He lost control of his vehicle on a tight curve, hit an oncoming truck and died instantly. So if you've come here today to conjure up the bad tenant boogie man, the one that precludes us from protecting any tenants lest we somehow benefit him, please save your breath, I have already met him. I recognize him for what he is, an anomaly among an ocean of good tenants who follow the rules, who desperately need their deposits back, who are highly dependent on their landlord's good reference and in one of the most competitive rental markets the city has ever seen. If you have a bad tenant you have clear legal recourse and the law is weighted in the landlord's favor. We don't call our eviction court an eviction mill for nothing. If you've come here today to argue exemptions for mom and pop landlords who may experience some level of financial hardship if required to pay relocation assistance, let me remind you landlords have been placing that very same hardship on tenants who are generally lower income and have less financial resources than property owners. This is a temporary emergency ordinance intended to stabilize or assist renters at risk of involuntary displacement during our housing crisis. We hope that it will be short lived. But that will require the state legislature to overturn the ban on rent control and give the city back its regulatory tools. In the meantime, there's an easy way to avoid relocation assistance. Do not no-cause evict your tenants and don't raise their rent 10% or more per year. [applause]

**Wheeler:** Again, thumbs up or hands --

**Eudaly:** Twinkle fingers.

**Wheeler:** Hard to get used to. I understand.

**Eudaly:** If you've come here today to tell us we must build our way out of this crisis I can confidently tell you as the commissioner in charge of bureau of development services and someone with a new found inside view of the housing bureau, it will take decades to build our way out. That's only if developers are willing to start building for existing demand, which is not the market rate and luxury housing they are primarily delivering. If you've come here today to suggest that renters just move or get better job, it shows utter lack of understanding around who is taking the brunt of the impact created by our housing crisis. Seniors and people with disabilities living on fixed incomes don't have the resources to move or the ability to get better jobs. People of color who have faced historic and ongoing discrimination in both the housing and the job market, also tend to have more limited resources and options. Telling someone with limited resources to leave behind their family, their friends and their community in search of elusive affordable housing elsewhere is terrible advice. Finally, this is not a landlord versus tenant's conversation. We are not seeking to demonize or penalize landlords, but we're asking them to recognize their role in our housing crisis and share in the burden they are creating not just for their renters but our entire city when they choose to involuntarily displace a renter through no fault of the renter. We have heard from many landlords who support this ordinance. Some of whom will be testifying today. Who know that they can profitably operate their business whether they choose to avoid triggering relocation or not. We don't blame landlords for not recognizing how the forces of urban renewal, gentrification, displacement and limited tenant protections converge to create this crisis over the past 30 years. But there's no denying the outcome. Half our residents are renters. Half of renters are cost burdened by rent. Half of those renters, approximately 75,000 people, live in households that are spending over 50% of their income on housing. These households are being forced to choose between paying rent and paying the heating bill; paying rent and paying for vital medical care. Paying rent and paying the grocery bill. This is unsustainable, unacceptable and none of the good people of Portland, renters, homeowners or landlords, should be

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willing to sit idly by and let this crisis continue unchecked. We'll now bring up our invited guests. Starting with our staff presentation. Jamey Duhamel our policy director for my office. Matt Tschabold, Portland housing bureau, and marc jolin from home for everyone.

**Wheeler:** If you're a lobbyist please state that for the record. If you represent an organization, we would appreciate knowing that too.

**Jamey Duhamel, Commissioner Eudaly's Office:** Good afternoon. I'm Jamey Duhamel, I'm a policy director for commissioner Chloe Eudaly. I'm going to keep my comments brief. I'm going to outline what the ordinance is and is not, then let these gentlemen fill in the gaps as far as the findings of that ordinance and how we came to that then there will be a series of invited guests who will also be heard to fill in the gaps of what this ordinance is before we get to public testimony. I think you now understand the purpose of this relocation assistance proposal, which is to mitigate the damages of involuntary displacement. At its core this ordinance will require relocation to be given within 14 days of any no-cause eviction it will require relocation assistance to be given after notice of a rent increase over 10% in a 12-month period. The tenant, this is a little different, in the case of a rent increase the tenants has to give notice within 14 days that they cannot absorb the increase and have to move because of it. Landlord then has 14 additional days with which to pay that relocation assistance. So relocation assistance as we defined it is a flat rate based on the average price of rents across the city based on unit size. We got those numbers from the Portland housing bureau's state of housing and Portland 2016 report. The averages were tripled and rounded to the nearest 100. The reason we did that was to create the most equitable system for tenants and landlords at the same time. What we found when we were discussing how we would come to an equitable amount was if we simply just ask the landlord to pay three months' worth of rent, whatever they are paying, we create a problem in that the low income tenants who most often need relocation assistance the most are also paying the least in rent. Those who make more money and need relocation assistance less are actually paying higher rates of rent. Therefore, landlord would be paying -- could be paying upwards of 6,000, \$7,000 to one tenant and as low as 1800 to another tenant. The tenant getting the lesser amount is obviously in more need. This is a system we established to make it equitable for the tenant so they have a good chance of finding additional housing within those ranges of market rate. But additionally, so that landlords have the ability to plan ahead. They know exactly how much they are going to have to pay per unit. It's a business decision they can take into account when they buy a building, when they take over units or decide if they are going to do all sorts of things with their property. We want that to be something they could count on. So how this ordinance will apply there are three exemptions to the relocation assistance the way it is now week to week tenancies which are essentially its own kind of beast, those are designed for like hotels so that's an easy one tenant's and landlords who occupy the same unit, landlord who is renting out rooms within their home, they are exempt from relocation assistance. Sabbatical lease arrangements meaning your primary residence that you rent out while, say, you're shipped off for the military or going on an extended vacation or going out of the country for a little while, intend to return to your primary residence, you are also exempted from relocation assistance. It will apply to just about everything else. Meaning all month to month tenancies, periodic term leases that automatically perpetuate and turn into month to month leases at the end as well as fixed term leases. It's written that way into the ordinance. It is a broad policy. That is intended to be as simple and straightforward as possible because as of yet we don't have the ability to facilitate more nuanced policies that would require oversight. We're trying to be as straightforward as possible to avoid complications and confusion for both landlords and tenants. As an emergency ordinance it's intended to take effect immediately and will affect any 90-day notice periods currently in

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process and not completed. This ordinance is tied to the housing state of emergency set to be reviewed again in October but will require a separate affirmative vote to review. Or to renew. I just want to say one final thing that it taking effect on 90-day notice periods currently in process is an important point to remember today because this will impact three entire apartment complexes currently in this process. I'm sure you have heard of them by now. Many of them will be here to testify today including many residents from the Normandy apartments who just received a 100% rent increase that will go into effect April 1. Titan manor is a 70-unit apartment complex that just received all no cause evictions as well as an eight-unit apartment complex that houses elderly and low income folks, one of whom I have heard is 90 years old and has lived in her apartment 20 years. They all received no-cause evictions that will go into effect soon. That's it for my portion of the testimony. Matt is going to illuminate the numbers around why this is important.

**Matt Tschabold, Portland Housing Bureau:** Thank you. Good afternoon. Matthew tschabold Portland housing bureau. I'll try to be brief because I know there's a lot of testimony and we'll be having a long hearing today. So it's been mentioned already but Portland has roughly 250 to 260,000 households within the city depending on the year you're looking at and roughly 47% of all households within the city are renter households. Communities of color are disproportionately renters to white households and communities of color are disproportionately low income which makes them particularly vulnerable in today's housing market. When you look at the split between income tranches for renter households specifically, roughly 120,000 in the city, 50% almost 50% earn less than \$2900 per month. 2900 per month is about \$34,800 per year. There is a spread and it exists on both ends of the spectrum. While the bulk of renters exist in the lower income tranches there are a sizable chunk that have incomes above \$4200 per month. If you look at the renter households paying more than 30% of income to rent, we consider paying 30% of your income affordable, you'll see that for the most part almost 50% earning less than 2900 per month, almost all are paying more than 30% of their income for rent. 86, 87%. The number drops dramatically when you move to higher income levels. 46% for folks between 2900 and 4200 per month then when we consider it affordable for most in the city if they earn more than \$4200 per month. When you look at what's been going on the in last decade in Portland we have obviously seen cycles but what we're seeing thus far is very dramatic rent increases in the last four to five years. The impact that's had on renter households has been significant when you consider the fact that a large majority of renters in Portland are low income or moderate income households and when we look at the 30 to 35% increase in rent that has occurred in the last four or five years' incomes have not kept up. Thus more and more families are struggling to make ends meet. So we went ahead and made basic assumptions to think through what an average cost of relocation would be in the city. There's major caveats to put on here. We're assuming a very basic level of relocation assistance is needed when somebody has to move. That's first month and last month's rent and security deposit equal to one month rent. Every household's personal circumstance is different. The need to take time off work, acquire storage, rent a truck or van to move, that will vary household by household. But assuming these basic assumptions for all take the average rent as of last week in Portland, the average rent across the city is 1445 per month. So looking at first, last and security deposit would cost the average renter household in the city about \$4500 to move plus moving expenses given their personal circumstances. When you look at that number in the context of household incomes that I mentioned earlier in the presentation what you'll see is that for households earning less than \$1700 per month of which there are roughly 20 to 25% of our renters in the city, that's 2.5 months' worth of income. A renter household at that income level would need to have in savings or the ability to access 2.5 times their monthly income to cover

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those initial moving costs. I won't read all the numbers but you can see the first two income categories, the amount of income needed is over a month's worth of income to secure a new apartment plus I should mention this does not include moving costs or set-up costs for any internet or other utilities that a household might have in their new rental home. Just numbers in brief to set a foundation. I'm happy to let any questions but I'll let marc make his statement.

**Marc Jolin:** Thank you, mayor, city council members. I'm marc jolin, I'm here today as the director of the city-county joint office of homeless services. I appreciate the invitation to speak to you about the consequences of the way the rental market is impacting low income households and homelessness in our community. In partnership with the housing bureau and county department of human services, our office tries to address homelessness first to prevention by keeping people from becoming homeless in the first place. Over the last several years that's been increasingly difficult to do. We have tens of thousands of very low income households already rent burdened, pay be 50, 60, 70% or more of their income for rent. We routinely had people on long term disability bringing in 800 a month paying as much as 100% of that income toward rent. Any little thing that went wrong could put them back on the street. When those extremely rent burdened families have temporary interruption in income or expense they face homelessness. In some cases, we can help them by stepping in with temporary rental assistance. Our nonprofits did that for thousands last year but when those already rent burdened families experience the kinds of double and sometimes triple digit percentage rent increases we have seen short term rent assistance can only forestall the inevitable. Unless their incomes increase proportionate to rent, which is not happening for low income people in our community, they will eventually lose their housing. While in this market finding alternative affordable housing units is a challenge, Portland has one unit for every five who need one, finding replacement housing is only the first challenge. Once a family has found a unit they often can't come up with the several thousand in first and last month's rent and deposit that landlords are requiring to get into units. The result, in too many cases families that receive excessive rent increases or no-cause evictions can't find and raise the funds and they become homeless. That explains why even as with expanded city and county investments we have helped a record number of people with prevention assistance and helped a record number of people get back into permanent housing, over 4600 people last year the demand for emergency shelter has continued to increase. Last February we opened a new larger 130 bed family shelter after demand outstripped what the old 90-bed shelter could accommodate. Almost immediately that shelter was full and went into overflow mode. Now even with nearly 30 families being sheltered in motel rooms there are routinely 220 people and families spending the night in the human solutions family shelter. We're having the same experience with adult shelters. In the last year we opened 200 beds at the Hanson building and they immediately filled. We opened 90 beds at the Gresham women's shelter and they immediately filled. We opened 120 beds for women and couples at the Willamette center and they are full. With this winter we have added 180 winter shelter beds for men and women downtown. The most recent a couple of weeks ago. Those beds immediately filled up too. We see this continued surge in people facing homelessness in other data as well. In the first quarter of this fiscal year 211 info the community information referral line fielded over 11,000 inquiries. It was 50% of their calls. Within that the most common requests were for shelter, rent assistance and subsidized housing. The next most common issue was utility assistance at just under 10% of their calls. Compare that to the first quarter of 2014 where they received less than half as many housing related calls and those calls made up just 22% of their inquiries. When we look at the homeless system as a whole a significant majority of people receiving assistance are new to the system. Meaning



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they haven't accessed services in the last two years. Our shelters are reporting high percentages of families who have never been homeless before. The significant investments that the city and county home forward and our nonprofit partners are making in prevention and housing placement have made the situation better than otherwise would have been but the rash of large rent increases and no-cause evictions is overwhelming our resources. Those agencies continue to turn away dozens of people for each family they are be able to help. Every successful intervention that we are able to provide costs more money. More to cover rent, more to cover our deposit and move-in fees so the resources we do have are not going as far. We estimate just based on increases in rent our nonprofit agencies will be able to serve 8 to 10% fewer households with our current funding level next year. In short, our efforts to help people avoid becoming homeless and to help those who have become homeless get back into permanent housing are more significant than ever, yet we won't be successful if we don't address what is happening to low income households in this rental market.

**Duhamel:** We are happy to be available for questions as you talk about amendments. Otherwise I think it's time for invited testimony.

**Fish:** I have two quick questions. I want to get two additional facts on the table which are helpful. Starting with you, Matthew, when we talk about cost burden we're talking about people paying more than 30% of their income for their housing. Who set that figure and what is it based on?

**Tschabold:** So the figure is actually set by the department of housing and urban development at the federal level and an investment is made of the median income and what different income tranches are then a 30% calculation is based on that.

**Fish:** For people that are lucky enough to get a section 8 voucher what that means is the voucher allows them to rent an apartment that limits their rent to 30% of their income.

**Tschabold:** That's correct.

**Fish:** The marketplace of rental housing, I had asked this previously because I wanted a better sense of the market, do we have good numbers in terms of how many senior family duplexes, triplexes and single family units, there some way to quantify the universe of rentals?

**Duhamel:** I asked Deborah, the executive director of multi-family northwest, if she had data. She said they did not and she did not know where we could find such data.

**Tschabold:** I actually have it here in front of me.

**Duhamel:** Apparently we have the data.

**Tschabold:** It's broken out in a different size of buildings, units in the city. What I will say is 60% of the housing units in the city are single family detached or single family attached. The single family housing units. Single family homes. Of those, about 22% of those are rentals. If I was to scale up a little bit, 80% of the housing stock in the city, the buildings have 20 units or less. So this is 2015, five-year estimates. There's a bit of a lag. In the last couple of years, we have seen a lot of very high density multi-family permitted and in construction. Five years from 2015 would indicate 80% is nine units or lower.

**Fish:** I'm sorry,

**Tschabold:** 80% of the housing structures have nine units or fewer.

**Fish:** That's helpful. Thank you.

**Eudaly:** Our first panel is Multnomah county commission chair Deborah kafoury, Andy miller from human solutions, and Vivian Lyon, tenant attorney.

**Wheeler:** As always state your name for the record, please.

**Deborah Kafoury:** Thank you. I'm Deborah kafoury, chair of Multnomah county. I want to thank you for having me here today and thank you, commissioner and mayor, for your leadership on this issue. A little over a week ago I read in the Willamette week as many of



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us did the story about families living at the Normandy apartments. 26 children live in the building's 18 units. More than 5% of the student body in the neighborhood elementary school. The building's new owners had just sent every tenant notice of a rent increase. A 100% rent increase. For parents who can't afford that they will have to move their kids to a different school, maybe even a different school district, at a key point in the school year. As a parent, and as someone who works with families who have lost their housing, I know what this disruption does to kids. It knocks them back. It sets them up for failure. Across the county we're seeing families in this crisis as they pack up and move from school to school, district to district, chasing that elusive affordable apartment. So I asked county staff what could we do. Today we have been able to find \$48,000 in rent assistance through our school network to help keep the families with kids in the Normandy apartments until the end of the school year. We're still looking for solution for the other tenants and time may run out. I'm not telling you the story because it represents success. We may not find the resources to help the other tenants. We don't have enough money to help every family across our county who is experiencing this same crisis. I'm sure you will hear from many people today talking about the need for more housing as the long term answer to this crisis, and I agree. We need more housing. Particularly we need more units affordable to those with very low incomes. Roughly 30% of the area median. I know and I applaud this council for being committed to making that a reality. But we have to recognize for families living on the edge, they can't wait. Every day there are more moms and dads in our county that are going to work at minimum wage. At the end of the month if they are lucky they have got enough to cover the rent. Every day they live in fear that the mail will include a rent increase they can't afford or a no-cause eviction. That's why we dedicated \$30 million in new city and county resources last year to homeless services and prevention. With our new investment we kept thousands of people in their homes and put thousands of people back into housing. That's why I hope you'll help me keep that funding in place this next year and ensure that we can keep increasing the number of people we help but we can't expect taxpayers alone to fill this gap. They can't afford it. I hear from seniors who call my office to say they are struggling to pay their property tax bills even when they support the efforts that the city and county are doing. It breaks my heart. We are in this mess today because the federal government walked away from our seniors, our working mothers and children 30 years ago and defunded housing and urban development. So instead of building the thousands of affordable homes we need during these years we're 25,000 units short. Now if you can believe anything you hear out of the white house it sounds as if they are dead set on playing the same game, walking away from our community at a key moment in our history. It's up to us, every one of us in this room today, we need to come together, we need to step up and every one of us needs to do our part. I think that's what this ordinance is all about. It's about saying to landlords who are doing the right thing, thank you. It's about putting in place some safeguards when things go wrong. I know that the city council is committed to making this work and if you adopt this ordinance today it doesn't mean that you won't work with our community to make sure that the rules on the books work for everyone. Thank you. Thank you. And thank you for bringing this forward and for seeing it through. [applause]

**Andy Miller:** Tough act to follow. Good afternoon. I'm Andy miller, executive director of human solutions. For those of you who don't know us all that well, I think most of you do, we are a nonprofit organization serving east Portland and east Multnomah county. We have some perspective on this ordinance and the housing crisis the community is experiencing because we see its impacts every day. We provide eviction prevention services that have helped hundreds of families avoid the trauma of homelessness. We operate two year round homeless shelters, one for families, one for single women, and we

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see what's happening with folks experiencing homelessness. You heard from marc how those shelters are overflowing on a nightly basis. We work closely with many private landlords. There are good landlords willing to work with tenants and agencies like ours where we invest dollars that your city council and the county commission have invested in successful programs that are moving people out of homelessness. Tonight roughly 5,000 Portlanders will be safely inside instead of outside because of what we are able to do, and the great majority of those are kids. That's work that this council has historically invested in and we thank you for that investment. It's making an enormous difference. The programs we operate do work. Your investment is a good one. But there simply aren't enough dollars to keep up with the demand and there are limits to the solutions we can provide in the current context. That's what this ordinance today is really about. When families come in with rent increases of 10, 20, even 50% we see on a regular basis, rent assistance programs begin to become ineffective. They are unsustainable if rents continue to go up unregulated. Unfortunately, we have no program that can respond to a no-cause eviction. There's no amount of money that we can offer that will make that go away. No-cause evictions are simply the most common reason given by families coming into our shelter every night. So we're seeing a huge influx of families coming into the homeless shelter, most of them are saying they received a no-cause eviction. So what's happening? We're raising a generation of kids in this community who are experiencing residential displacement and homelessness at record rates. Every indicator we have tells us that when kids are forced to move, change schools, experience homelessness, every opportunity they have to succeed in school, to form healthy friendship bonds, to advance physical and emotional health in a positive way, all of those opportunities are destroyed. This is unconscionable. It's not healthy for our kids or our community. You're going to hear today testimony about whether this ordinance is fair. What I would ask you is, are we being fair to our kids? Especially our families and kids of color who experience this disproportionately, are we being equitable? We talk a lot about equity in this community. This is an opportunity to be equitable. I urge you to vote for this ordinance. It's good public policy for three reasons. First it creates a disincentive for some of the most destabilizing actions, massive rent increases and no-cause evictions. That's an important disincentive to insert into the system. It also rebalances some of the current burden to respond to those destabilizing actions from the tenant families themselves and from the taxpayers who support the safety net system that responds to them to the landlords who initiate these actions. As commissioner Eudaly began by saying for landlords that do not want to bear that burden there's a simple solution that many good landlords are already practicing. Pace rent increases reasonably and don't use no-cause evictions. Finally, it's good public policy because it extends our limited safety net and public investment even further. It will simply allow us as an agency and agencies like human solutions to serve more families by rebalancing that burden. I'll say one last thing. That's that I fully support this ordinance but we all know it's not enough. If we don't take swift action behind this ordinance to regulate rents and deal with no-cause evictions, giving somebody a payment that we call a relocation payment when there's no place to relocate to is like a tow truck driver towing your car away and giving you a gas card saying this will get you home. It's just not enough some of the we need a more systemic and comprehensive response and when you're ready to take that on we'll be here with you. Thank you.

**Wheeler:** Thank you. [applause] that's a thumbs up. Thank you.

**Vivian Lyon:** I'm Vivian Lyon.

**Wheeler:** I want to remind people, thumbs up, thumbs down is good. We have a lot of people to hear from today.

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**Lyon:** I'm Vivian Lyon. Thank you for the opportunity to speak. I represent tenants mostly in Portland. I am here in support of this proposal and I'm here to preemptively address an objection the landlords' lobby has made. They have put forward a number of nightmare scenarios they claim would be unintended consequences of the relocation assistance proposal. All scenarios predicated on using the no-cause eviction process when the for cause eviction process is available and more appropriate. They claim that they need to use no-cause evictions because the for cause process is too expensive and difficult but they don't want to reward bad behavior with relocation costs. For instance, they imagined a scenario where a tenant is harassing children and the landlord would prefer to use the no cause eviction to spare the young victims having to testify. Another situation, a landlord living lives on one side of the duplex and the tenant is causing disturbances on the other. The argument is that the landlord's testimony would not be enough. These nightmare scenarios presume that the imaginary tenant is guilty but in real life we don't know whether the tenant is guilty until they get their day in court. The consequences of false accusations of bad behavior can be homelessness. Shouldn't tenants suspected of violating the rental agreement get their day in court instead of a no-cause eviction, convicted without a trial or the opportunity to present exonerating evidence? Should we really be encouraging landlords to use the no-cause eviction as a way of depriving tenants from defending themselves. The landlords lobby would further have to believe that a for cause eviction is much more expensive than a no cause eviction their over stating the case extraneously sure trials can be expensive but if you look through the court records you'll see eviction cases of any kind are frequently resolved prior to trial. They get settle through stipulated agreement negotiated by the landlord's attorney and the tenant usually unrepresented in which the tenant agrees to pay the rent they owe on a payment plan or agrees to alter behavior, et cetera this. This almost always results in the tenant being evicted because they can't hold to the agreement. In other words, most are evicted with no trial. No-cause evictions are not without other cost. It's not as simple as issuing the notice and your tenant meekly leaves. Tenants can contest them. So my contention is that these lobbyists fighting to have the no-cause eviction process without the strings attached of the relocation assistance, their objections are spurious. They don't have a lot to do with realities of practicing landlord/tenant law and no cause should be used -- no-cause eviction should be used when there literally is no cause. They should not be a replacement for a situation in which for-cause eviction would be appropriate. This proposal will not deprive landlords with a necessary tool to deal with that tenant.

**Fish:** None of us are landlord/tenant lawyers. There's another scenario raised in emails and letters. I want to give you a chance to respond. It's that under this system there will be an incentive to use the for cause process more and that somehow a for cause eviction prevents that tenant from later being a successful tenant somewhere else. Could you address that?

**Lyon:** So they are taking mercy on the tenant by using a no cause when they could have used a for cause?

**Fish:** I'm not judging it. I'm asking the question, one of the things that we try to prevent in our legislating and in our actions is putting any blemishes if you will on someone's credit sheet or something else that prevents them from being successful tenants. One thing about our market is people are being screened very carefully. The question is does a for cause eviction as a legal matter make it more difficult for that person to find another place to rent?

**Lyon:** Yes, a for cause eviction does make it more difficult for a person to find a place to rent. I'm not sure exactly what point you're making.

**Fish:** Not my point.

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**Miller:** Can I respond briefly to that commissioner Fish?

**Fish:** You're the lawyer.

**Miller:** Can I respond briefly to that? We are also a landlord. We operate 700 units of affordable housing and we by the terms of our financing are prohibited from using no-cause evictions. So if we have to move to eviction, it has to be for cause. We are because of our mission loathe to do that but occasionally there are circumstances where we do that. Most frequently in that situation it doesn't proceed to court and it isn't a recorded judgment. Notice is issued, the case is settled before and it's very easy for us and for any landlord attorney to work with a tenant in that situation, have him better understand the situation they are facing. The most damaging thing on a tenant's record would be a judgment, but that case can be settled prior to a judgment that was for cause even if proceeding was initiated that way.

**Fish:** The benefit of for cause eviction is it gives a measure of due process.

**Miller:** Yes.

**Fish:** As a practical matter very few result in judgment.

**Miller:** Yes.

**Fish:** Thank you. That's what I was looking for.

**Wheeler:** Thank you for being here, chair Kafoury, with your years of leadership on this and many others.

**Eudaly:** Panel two is Tim Pitts, Jennie Shaver, and Margot Black.

**Wheeler:** I have mentioned these are invited panelists. You don't need to put the timer on.

**Fish:** She runs a tight ship.

**Eudaly:** I have had to sit for two hours of testimony.

**Wheeler:** Good afternoon. State your name for the record.

**Margot Black:** Am I first?

**Wheeler:** Sure.

**Black:** I'm Margot Black. I'm sorry about the hat. Once you put it on you can't take it off. [laughter] I'm speaking on behalf of Portland Tenants United, a Portland metro area tenant's union organizing tenants in their apartment complexes, neighborhoods and the city to fight for housing dignity and security. I want to start by thanking Mayor Wheeler and Commissioner Eudaly and the folks in their offices who have been working so hard to bring this important and impactful emergency ordinance to the floor today. To vote then make immediately effective a tenant protection ordinance that would be profound and palpable relief especially for those fearing or facing imminent displacement serves as a model to how we should respond to emergencies. I'm not here to tell you about the two traumatic no-cause evictions I have endured I want to speak today from the perspective of a tenant's advocate to the need and impact to the tenant's receiving relocation assistance. When a tenant receives a no-cause eviction or rent increase they can't absorb they have no choice. They must move. To move means they must start looking for, viewing and applying for available rentals, a stressful process that requires time, energy and money. Application fees are averaging \$50 per adult. In a tight market a tenant may have to fill out multiple applications. Once approved for new housing they typically have a week or less to sign the new agreement, put down a security deposit, often equal to a month or more and start paying rent. Meanwhile they are still paying rent in their current home. To start living in that new home means its time to pack, amassing boxes, loading them into a truck then cleaning if a tenant has any hope of recovering a dollar of their security deposit they must clean their rental from top to bottom, under the fridge, behind the oven. An agreement I looked at requires to have the rugs professionally cleaned on move-out, provide a receipt and then stipulate that the property management company reserves the right to have them professionally cleaned again at the tenant's expense. Often despite a deep clean and



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empty unit the security deposit not returned for 30 days is withheld anyway and the tenants are sent a hefty bill. I did a move out with a very pleasant woman after living in her apartment for 12 years. Among other charges tallied on her \$1,000 bill was \$300 for repainting. One would think that a needed paint job after 12 years would fall under normal wear and tear. It's up to her to make that case, which is to say moving is expensive. The federal government knows this. They give us a tax deduction to move closer to work. Our employers know this. A moving stipend is often part of a new hire package. Even the landlords know this. At the multi-family northwest spring apartments Maureen McNabb broke down the cost of moving for her audience. Boxes, moving truck, application fees, security deposit, requisite trip to Ikea and pizza and beer for friends could tally 1625 she said. She knew that could be up to 2,000 for the 20-something white single able-bodied man pictured behind her. Her itemized accounting didn't include time off from work to find new housing to pack and move, especially if that person is public transit dependent, nor the cost of being forced out nor how the costs can mount when the renter isn't a single, childless, able-bodied white man with friends to schlep for pizza and beer. That means landlords can raise 6 to 8%. Considered quite high by their standards and tenants have no choice but to pay because moving is so expensive. The renters who call PTU in a panic are those who need to be out tomorrow, yesterday or next week and they haven't secured housing or packed because they are elderly, single parents, folks with disabilities or illness, section 8 voucher holders and the rest of those the housing market routinely discriminates against. They haven't managed to take the buses around town collecting boxes. There's no tribe of young bucks to load their boxes into a U-haul that they can't afford to take their things into a new apartment that they haven't procured because they have no way of coming up with a security deposit or paying double rent so they leave everything behind because there's no money for storage either. Anything left behind they will not only need to pay to replace but will be charged by their landlord to haul out, usually at a rate of \$50 an hour not including dump fees. There's no way to game the system because there's no way to move for free. These costs are significant. When it's not the tenant's choice it should not be the tenant's sole responsibility to pay them. The landlords in opposition will have many concerns chief among them they cannot possibly afford to write this check. Neither can we. So perhaps in the landlord goes to write the rent increase notice or no-cause eviction paying relocation fee's will give them pause and this will help them recognize the financial consequences of their decision. If landlords declare this will be their financial ruin, I implore you to ask them why they think their tenants are any better equipped to deal with it. While this ordinance does not prevent a no-cause eviction or egregious rent increase we hope it gives landlords pause and fighting this pause is something they will tell you about today. This is also something they will tell you about. They will tell you they need to use no-cause evictions. For cause evictions are too time-consuming. I don't deny there are tenants who cause problems but this isn't for them. No-cause evictions are not for them. You'll hear plenty of stories of awful tenants I'm sure. Please ask yourself why these landlords would rather give these dangerous, lecherous tenants 90 days' notice without cause instead of 30 days or 72 hours or 24 hours' notice in some dangerous cases. When a tenant is so noncompliant it requires a drawn out court battle including neighbors testifying and the sheriff showing up at the door do we really think these same tenants are going to quietly leave with a no-cause eviction? This is hyperbolic and fundamentally dishonest. You are all on record supporting just cause eviction. I ask you reject this continuous demonization of tenants. You will hear from tenants who have been no caused. Please recognize how many can't be here because they have to work because rent. Please ask yourself if you believe these tenants are really problems whose neighbors can't testify against them, tenants who get no-cause evictions are your friends and neighbors. We're parents,



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teachers, nurses, artists, students, journalists, retirees, social workers and city commissioners. We're not the problem. The problem is a generation, actually a couple centuries of housing policies that were built on the premise that to be a valid person is to own land. We all know who was able to own land in this state until all too recently. It's time to address this injustice, to level the playing field, time to give tenants dignity and security and the ability to leave with dignity if forced out of it. The truth is that there are three reasons for no-cause eviction. Retaliation, discrimination and capitalism. There are two types of landlords who give no-cause evictions. Big landlords and mom and pop. Both use them. Both abuse them. All their tenants live in fear of the dreaded letter on the door. If you consider a request to exempt small landlords, you're exempting a tenant from a protection. I'm almost done. By providing an exemption you are providing a loophole and loopholes have a funny way of getting exploited and taking advantage of then we come back and say relocation didn't work. With regards to unintended consequences I ask you to think of the consequence of doing nothing. It's been 16 months since Justin bury from the community alliance of tenants sat here. In front of city council to show courage and take real action beyond extending notice periods. We have done nothing. The unintended consequences cannot be ignored. Our traffic is congested with displaced Portlanders commuting to and from work. More starkly our tent cities are growing, our family shelters are overflowing. We must take action. You must vote yes today without exemptions that exclude tenants then ask what's next. While this ordinance is the best thing tenants have seen in forever, it's not enough. We aren't done. I again thank you for your time, your courage and willingness to take action to preserve our communities. Not a day goes by that I don't grieve for our friend Justin who can't be here to see the results of the work that he and the community alliance of tenants spent years laying the groundwork for. Today we take real action for renters, for Portland at large, for tenants across the state who will be buoyed with hope and change that change is possible and for Justin. Because tenants' rights are civil rights. Housing is a human right. Today we need to get it right and keep Portland housed. [cheers and applause]

**Wheeler:** Good afternoon.

**Jennie Shaver:** Hello. I'm Jennie Shaver. I recently started a housing and homeless committee. I also chair that committee. I'm here with the backing of my board because our neighborhood is being actively damaged by no-cause evictions. We need the city's support to take a more active role for our neighbors who are facing this displacement. Recently these displaced neighbors have included a blind senior citizen unable to afford a large rent increase and was forced to choose between homelessness and moving out of state. We have had several large families with children who received 30-day no-cause evictions in the middle of a school year. The landlords have found more lucrative uses for their properties and with no regulation in place renters are at a loss. The landlord's priority is profits over basic needs of the tenants and any sense of civil responsibilities. During a devastating and overwhelming houseless crisis displacing low income seniors, families and marginalized communities is not the way for Portland to go forward. The thin line between house and houseless was made more clear in our community during the snow storm, when our community came together to form a temporary warming shelter. Excuse me. We heard many young stories from young, able-bodied people struggling to keep up with rent increases only to lose their homes, find themselves living in their cars, then unable to keep up basic hygiene nor get sufficient sleep once they were able to find a job. These are basic needs in order to keep a job you must be clean and have slept. That's not happening in my neighborhood any more. This ordinance will not fix the homeless crisis. But it will be a step forward in making those conditions better for people living in my neighborhood on the edge of houselessness. Thank you for your time.

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**Wheeler:** Thank you.

**Tim Pitts:** Hi. I'm Tim Pitts, owner of think real estate, on northeast Broadway. We have about 25 people there. We sold around 400 houses in the city. I own 10 residential units with my husband. You already know how much the rent has gone up in the past few years. Living in Portland has gotten very expensive very quickly. In that kind of market there are a lot of people making a lot of money off real estate. I personally obviously think it's okay to make money through real estate but things are dramatically out of balance. Landlords have all the controls and tenants desperately need more protection. I'm strongly in favor of the proposed relocation ordinance for those reasons. I think landlords should be able to evict tenants if they want to but if they choose to do so without a valid reason I can't see any reason why they shouldn't pay the moving costs of those people to find a new home. The vast majority of the time no-cause evictions come because the owner often a new owner wants to raise the rents to market rate which basically means they are going to make a ton of money and they can spend a little bit of that on the people that they are displacing. I'm somewhat of an island but not completely in my profession. I brought over 20 letters of other realtors who feel the same way about this topic. [applause] there is naturally opposition to the proposal and I'm sure you'll hear from a lot of my colleagues who will tell you this will damage the real estate market. Anyone who works in Portland real estate right now knows that this is the hottest, most consistently strong market the city has ever seen. Prices are going through the roof literally. Five years ago the median sales price of a house in Portland was \$244,000. Last year it was \$387,000. That's a 58.6% increase in the average home value in five years. I don't see any indication that the market is in danger. People are moving here and jobs are moving here and it's going to continue. People also claim this propose am punishes landlords. This is the one that really upsets me I guess. Landlords are not being punished here. If you want to talk about punished, talk to the families at the Normandy apartments who found out their rent was doubling in the middle of the school year. That situation so bad that Multnomah county had to step in to help them out. In this case, these people were playing by the rules and paying their rent but investors bought their building and those investors want to make money fast so they raised the rent by \$650 per unit. That 650 adds up to moving costs quickly. It would be okay on those landlords. We all know landlords can afford this, they just have to budget for it. Believe me, I know the situation as I said I'm a small time landlord I would say. I use my rental income to pay my bills. This month I got my checks, I will pay my bills with that money but I would gladly budget for moving costs because I know I choose to issue a no-cause eviction that is my choice that I'm making. This really is an issue of fairness and this is why I plead with you. Portland voters spoke in favor of expanding tenant protections heavily in the last election. This is something we can do right now to take care of all Portlanders, not just property owners.

**Wheeler:** Thank you for your testimony.

**Wheeler:** Good afternoon.

**Jeff Edinger:** Jeff edinger, president of multi-family northwest.

**Charles Kovas:** Charles kovas, rental housing alliance.

**Edinger:** Good afternoon, mayor, councilors. Thank you for the opportunity to speak here today. I do believe the budgets are important and it's important for all of us to budget. As I said I'm Jeff edinger, I'm the 2017 board president of multi-family northwest. Our membership provides 200,000 units of rental housing in the state of Oregon. We have an issue in our state. We have an issue in Portland. We all agree with that issue. We do not have enough supply to meet our demand. There are more than 100,000 people moving to our state every year. Oregon is the most popular state in the nation. That's great. Go, Oregon: But we don't have enough housing to house all the people that are moving here.

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Measures such as the one you're considering today not only dissuade construction of new housing, that new supply that we so desperately need, but they do jeopardize the health and safety of our residents. The people that all of us are trying to protect. I would like to walk you through a couple scenarios that our membership has used, a notice indicating that a lease is up for expiration and will not be renewed. What is incorrectly being referred to as a no-cause eviction. An eviction is a totally different process. One, a homeowner relocates out of town for two years. Maybe three. For business. When her business contract is up she wants to move back into her house. She wants to come home. Under the proposed ordinance, she will have to pay up to pay up to 4500 to do that to regain possession. I do want to talk about that male resident that lives in a community and is harassing children in that community. Why would we subject our children to the court process and make them go through that when we can use a no cause notice? End of tenancy notice to get that person to move. Under the proposed ordinance, it won't be an option. We'll have to reward that poor behavior with up to \$4500. What about the landlord that needs to put a new roof on their property? Or has other capital improvements? Under this ordinance, they won't be able to raise the rent to cover the cost of these improvements because it will trigger the relocation payment up to \$4500. This may result in-housing falling into disrepair. What I'm standing here telling you today I hope that you're listening is that this proposal is well intended but it's not the solution. It will only exacerbate our problem. This ordinance will create another hurdle, another disincentive to add supply to our market. We urge you not to pass this ordinance and create these additional barriers to more supply. Thank you.

**Wheeler:** Thank you. [shouting]

**Wheeler:** We agreed we would keep this respectful. Thumbs up, thumbs down. Show the kids in here that we can do that.

**Kovas:** I'm Charlie kovas, landlord's attorney and on the board for the rental housing alliance. No cause notices are authorized by Oregon state law. Oregon statute 90.427 there used for a number of reasons as described people owners had people coming back into town. What about a child who is coming back from college or coming back from military service needs a place to live? The landlord has a right to use their property as they see fit. Ultimately subject to the terms of the contract. What about a situation and I have a client in this room who issued a no cause notice because there were drugs being sold on the premises? Why didn't they do a for cause notice? The tenant in question who received the notice had threatened the neighbors with physical harm. None of the neighbors wanted to testify in court. As a result, the landlord used a no cause notice. This situation is not just for drugs. Prostitution, noise complaints, unauthorized occupants, repeated financial violations. All these situations you have neighbors who are afraid to testify. In that situation it's difficult to overcome the burden of proof. In order to answer the commissioner's question, there's no difference between a no cause notice, a judgment on a no cause notice or a for cause notice. A judgment is a judgment. However, in the screening process, the conduct of the tenant is relevant. So if they are evicted on a no cause notice basis they are not going to be negatively screened for that. That's where there's a fundamental difference between the type of notice that's used. But fundamentally who is my basic client? My average client is a retiree, a senior citizen. They are going to be impacted by this council's attempt to shift the costs from vulnerable poor people to vulnerable senior citizens. What does it cost to buy a duplex? Your average duplex is going for \$500,000. You put 20% down. You have a note of 400,000. That's \$2400 a month to carry that note. Then you add in 300 a month in taxes, 200 in management fees, 200 in maintenance. 200 in insurance. These figures assume the places are continuously rented. We're well up over \$3400, more than double the average rent for a three bedroom. So let's not sit here and

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assume that landlords are full of a pot of gold. Let's be clear that the average rents have gone down by \$40 in the last six months so it's possible that we are at the end of this economic cycle. There's some legitimate problems with the city's proposal. If one accepts the money does that mean they agree to leave or can they still reserve defenses and litigate? What if the tenant owes money? Is there an offset? What if the tenant accepts the money, spends it on something else, then refuses to leave and hires a tenants' attorney and if they win the landlord has to pay more money to the tenant for a situation where the landlord had a legitimate reason to issue a notice of termination. Fundamentally, whether this proposal passes or not it does not address the problem of a lack of available affordable housing units. What it does is punishes the people who have made it their effort and goal to provide housing for all of our citizens. [laughter]

**Fish:** Every time someone hisses or laughs or does something derisive it takes away time. We would not tolerate that if a tenant was testifying. We would not tolerate that if a tenant was testifying and a landlord showed disrespect. Show that we treat everyone with respect that comes before us. Please. [applause] please don't clap. [laughter] I don't want to get sideways with my newest colleague. I have a couple questions. I want to say that I want to compliment our newest member. She gets to structure this forum any way she wants and I have been very admiring of the way she's gone about this legislative process. She did not as a matter of rule have to invite a landlord panel to come testify. You could have signed up. She didn't have to invite you. I think it goes to the basic sense of fairness that she has in debating this issue. I compliment you for that. But since you're here I want to ask you a couple questions. The first is, my understanding from the mail and emails we have been getting is there will likely be a legal challenge to this if we adopt it. I'm not going to ask you about that. But both the mayor and the sponsoring commissioner have said to anyone who wrote in, if you have an improvement or frankly if you have a better idea that addresses, that meets the sort of goals of this legislation, then we would like to hear it. That I think speaks to a certain humility. No one here claims to have a monopoly on good ideas. Unfortunately, I think we have gotten sidetracked with people forecasting legal challenges and other kinds of things but since you're both here and you know what the goal here is in terms of protecting tenants, do you have an alternative that you want to put before us for consideration?

**Edinger:** Commissioner Fish, I appreciate that question. What I can tell you is that I have never been asked to participate in this ordinance. My predecessor, the 2016 president, has not been asked to participate. I don't believe that a three-minute presentation in front of a city council in this kind of environment is the proper location to have an intelligent conversation about alternate ways that we can solve the problems that we have before us.

**Fish:** Fair enough. You understand why I'm asking.

**Edinger:** I understand.

**Fish:** We are legislating. If you have suggestions, you want us to consider in fairness we have to give you that opportunity. Here's the other question. There's going to be some rulemaking process going forward to deal with unforeseen circumstances, to put more meat on the bones and other things. I think due process requires that we have some mechanism. I'm not sure we have landed on the best way to do that since you both have experience in this area, do you have any advice in terms of rulemaking assuming we adopt this today but we want some rulemaking process to deal with the one-off, the unusual circumstance, the inequity that no one forecasted where we want someone to balance competing interests and make a rational judgment. Do you have any advice for us?

**Edinger:** What I can tell you is what I just told you. These types of things take time. The mayor's resolution is a great step in the right direction but it takes time. We need time to come up with solutions, resolutions. Processes. What I know is that multi-family northwest,



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the organization that I'm here to represent, like I said, has 200,000 units throughout the state of Oregon. In some cities that comprises 35 to 40% of the rental housing stock in those cities. Don't you think that you should give us more than five minutes' time to help you? We're the industry experts. Give us more time. Do not vote yes on this today. Let us give you some solutions.

**Fish:** My final question is if it's our desire to set up some rulemaking, to deal with some of the concerns that we hear in testimony today, I'm assuming we'll hear some very grandular, specific, one-off type concerns, if we were to have some rulemaking process going forward I assume you would fully participate.

**Edinger:** I would and there are many industry experts who would be more than willing to give their time to you.

**Kovas:** I would also be delighted to participate although I would defer to Jeff. There are a lot of industry experts whose opinion might be more valuable.

**Eudaly:** I would like to make a few clarifying comments. I don't know if you were here at the beginning. We're already planning on making an amendment to account for the sabbatical situations that you're describing. So that someone that was leaving for a set period of time would not be required to pay relocation assistance. As far as child testimony, Vivian, would you be able to speak to that? That sounds like an extraordinary circumstance.

**Lyon:** Extremely extraordinary.

**Wheeler:** Testimony has to be done on the record. Reintroduce yourself. Every time you come up you have to state your name.

**Lyon:** Vivian Lyon. To answer the commissioner's question that's a very unusual circumstance.

**Eudaly:** How much does it cost to replace a roof on average? I don't know. I'm a renter. [speaking simultaneously]

**Edinger:** That entirely depends on the type of structure.

**Fritz:** I happen to be an expert on this I just had my roof redone.

**Eudaly:** How much did it cost?

**Fritz:** \$56,000.

**\*\*\*\*:** Lot of money.

**Eudaly:** How long can you expect that roof to last?

**Fritz:** It's a rubber roof, so 50 years.

**Eudaly:** Oh, my! If we amortize that over a 50-year period, I don't think you would have to raise the rent more than 10% to cover that cost. So –

**Kovas:** with all due respect, the roof is just one piece. My personal property taxes went up over 10% two years ago. I think there are other pieces the landlords consider than one discrete repair.

**Eudaly:** You can't base this on personal anecdotes.

**Kovas:** That's correct. [speaking simultaneously]

**Wheeler:** We're early on. Let's all please be respectful. I said right up front that this is an issue that people are passionate about. Let's give due respect to everybody who steps up to that microphone. This is a public chamber. It's owned by the public and people have very different points of view on any issue that comes before this chamber. Everybody is entitled to respect when they are at that microphone. Let's try to remember that, please, so we can get out of here and feel good about ourselves and that we are a community that can work well together. Thank you. Continue.

**Eudaly:** That includes the commissioners sitting up here. What I want to make clear to you and to the landlords in this room is that this is a temporary emergency ordinance. We are attempting to help the most -- to do the most good for the most people. We can never



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account for every possible outcome when we are setting policy. While there may be circumstances that create hardship, by and large the hardship is on the tenants and we're asking the landlords to consider their role in our housing crisis and stop no cause evicting for tenants and stop and consider not raising the rent beyond 10% if they don't want to pay relocation. Tenants are not furniture. That can be moved around. They are not human ATMs. If you expect tenants to save three months moving expenses -- equivalent of three months' rent when they are going to be lower income and have fewer resources than homeowners and property owners, then it's perfectly reasonable for us to expect property owners to be doing the same thing. I would also like to say as to rents going down \$40, we know that it is the upper ends of the market. I don't know if you represent my landlord, but I have not received a notice of rent reduction. Okay.

**Edinger:** Commissioner Eudaly, I appreciate your perspective. What I don't appreciate -- I think it's very important that when we pass legislation and we make rules such as this that we have a fair representation of the citizens and taxpayers in our community. What I just said before I'm going to say again. My organization represents 200,000 units throughout the state of Oregon. I'm an industry expert. There's many other industry experts here. We were not asked to participate in a way that we can help. We can help. You just have to let us. Give us the opportunity.

**Eudaly:** I know in fact that we had conversations with people at your organization but you weren't asked to participate and I'll tell you why. Your organization is among many special interest groups that support the ban on rent control. That brought about the circumstances that have created the housing crisis we're in today. Your organization has had several years -- [cheers and applause]

**Wheeler:** Commission -- let's move on with the testimony because we got lots --

**Eudaly:** Several years to come up with an alternative, commissioner Fish just gave you an opportunity to give one. I'll tell you what the most recent proposal from John DeLorenzo on behalf of Multi-Family Northwest was. That we create a revenue stream based on selling tax credits to create a fund to provide 20,000 cost burdened households across the state with \$100 a month rent subsidy. We have 75,000 people in this city of Portland alone spending more than 50% of their income on housing. 100 a month is an insult to those households, mine included, as of December 31st. That is why you weren't asked to the table. Because you are not willing to participate in a meaningful discussion about this issue. And when the rent ban, control ban is overturned, we will be sure to invite you to the table when we are able to craft a more complex and nuanced rent stabilization policy that will work for our city. Thank you. Panel number 4.

**Edinger:** I would like to reply if you don't mind. Very quickly. The 100 a month figure was a figure at that. Give us the opportunity to talk with you how we can make that figure a different figure, a bigger number. It was also an average. Furthermore, why would you turn away any tools in this market that can help the people that we are all trying to protect? You got to give us an opportunity.

**Eudaly:** Next panel.

**Jessica Lee:** I'm Jessica Lee. I have lived in an apartment building in the outer southeast jade district for the past three years. I love the community we have there. Because I have somebody who lives next door and my two daughters Angela and Denies, ages five and nine, they are going to the elementary school next door. Last year our building was sold to a California company. They raised the rent 10% through a new utility charge. Both my husband and I work at restaurants and are low income. A 10% increase is really tough for us. Luckily with the help of Apano we were able to postpone the rent increase for a year which all of us will be able to stay in the building. For this past month they just sent a new lease -- raise their rent for 25%. This is too much for us. We will have to leave. My kids

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love their teachers and friends. Apart from this supportive community would hurt them very much. I urge city council to require some kind of relocation assistance for rent increase of 10% or more. I don't want Portland to become separate city where all the people who are working hard cleaning and cooking and building in this city can't afford to live in it. My husband and I are proud to be immigrants and want to stay in Portland. Please don't push us out. Thank you.

**Fritz:** As one immigrant to another, welcome. I'm glad you're here.

**Chelsea DeLoney:** I'm Chelsea deloney, the daughter of Vanport and red lining, eminent domain in north Portland. My community has been experiencing a housing crisis since black residency was legalized in Oregon. I have been involved with local housing justice organizations since the fall of 2015. My journey to social justice activism was not born out of passion but struggle and survival this month four years ago I dropped out of college to work two minimum wage jobs and ate one meal a day while paying \$900 per month for a 400 square foot apartment while pregnant. We lived in a cramped dwelling with black mold in the shower, blood on the ceiling. The heat also didn't work. No matter how many times we pleaded with management and the private landlord they would never fix any issues. In response I would receive malicious phone calls from the landlord about my unmarried and pregnant state. They retaliated against my annoying requests by smoking under my open window which was the only way to provide ventilation. The cycle of abuse continued until we were given a notice that our rent would go up to \$1,000 a month. Our landlord also refused to return our deposit. As we scrambled find housing we faced many rejections based on my pregnancy, being black, not making three times the rent. With no other choice I returned home to my dwindling community in a houseful of my other family members who had also been displaced due to rent increases. After returning to college one week after giving birth by C-section I began and completed my bachelor degree and went to work for a software company where I made enough to afford the skyrocketing rent prices. When I returned and applied for apartments in my area of rents had increased to at least \$600 more and people were still not willing to rent to a black single mother even if I made more than three times the income requirements. My son's speech development suffered because stable housing affects early childhood development. The only place that would take us cost 50% of my income per month. After moving in and meeting my neighbors, many of them elderly and helpful with my son, everyone received rent increases of four to \$500 per month. Each and every one of the neighbors I had bonded with had to leave. After losing my job at the software company I prayed every day that my 1300 a month rent won't increase. Not even a dollar as my rent is now 96% of my income. At this moment there are no rental assistance funds available for us. Without relocation assistance we can't currently afford the security deposit to even a less expensive apartment. I also can't afford to choose between feeding my son and keeping a roof over our heads.

**Wheeler:** Thank you for your testimony. Commissioner, this is the end of the invited testimony. Is that correct?

**Eudaly:** Yes.

**Wheeler:** Why don't we take this opportunity prior to everybody else having a shot at the mikes, let's introduce any amendments that the cities council would like to introduce. That will give you all the benefit of the opportunity to comment not only on the main ordinance but on any of the amendments that are offered up as well. At this time, I will entertain a motion for amendments.

**Fish:** Let me flag myself. I want -- you have them? I took a crack at a potential amendment which I have discussed with the two sponsors that deals with rulemaking from the time that we -- assuming we adopt this ordinance, forward and in particular how we might deal with

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any unusual circumstances that come forward from a tenant or landlord that need to be resolved. I appreciate the work of the legal department in drafting it. I don't think it quite does what I intended. The first question I would ask of the sponsors is what is your intention concerning rulemaking? If this is adopted by the council today or next week, and assuming there has to be rulemaking to flesh it out, what is your current intention?

**Wheeler:** Commissioner Eudaly?

**Fish:** Commissioner, I took a crack at an amendment to provide for some interim rulemaking and to sort of anticipate who can make decisions on hardship cases or this arose from the fact we're getting a lot of feedback from the public and none of us are really in -- have the information to decide whether it's a real concern or not. From the time this ordinance is adopted if it is adopted what is your purpose putting more meat on the bone going forward and then what process are we contemplating where people can seek relief either a tenanted or landlord from some part of this ordinance?

**Eudaly:** As you know we kept this ordinance very simple because we don't have an office of landlord/tenant affairs in place that regulates and enforces the rules. The remedy for the tenants in this situation would be the same remedy they have now, which is to go to court with our landlords. I am interested in your thoughts on that. I do not know it was suggested that that could be a function that the Portland housing bureau could deal with.

**Fish:** I put the concept on the table and I'm not sure I have it developed enough but I want the public to have a chance to testify whether they think it's a good, bad idea or they have a better idea. That is to authorize the director of the Portland housing bureau to rule on any hardship applications on an interim basis so that issues that may come up that someone thinks is a unique circumstance that ordinance doesn't cover there would be a mechanism where we delegate to someone the ability to make a ruling on any hardship application pending completion of any rulemaking that we decide to do going forward. That's the concept. It's not unlike what we have done in other circumstances where we delegate to someone else to resolve disputes that come up under something as complicated as this. I'm just not sure the language that we have come up with is ideal. I'll put the concept on the table. An interim delegation to the housing director to be able to be authorized to resolve any hardship applications that are presented to him or her on an interim basis. That's the concept. I would ask that we have a second for purposes of --

**Wheeler:** For purposes of discussion I'll second the motion.

**Fish:** It's a safety valve.

**Eudaly:** I'm very open to it. I do think it's a little too complicated for us to hash out in this meeting.

**Fish:** Maybe. I'm flagging it.

**Eudaly:** Okay. Shall I move ahead?

**Wheeler:** Please.

**Eudaly:** Do you want me to read the exact language or just explain the intent?

**Wheeler:** Just explain the intent. We have been provided with the exact language. Correct?

**Eudaly:** Yes. Portland renter additional protections. Section b, highlighted. We have received a number of phone calls and emails and visits to our office, to all of our offices as you can imagine, overwhelmingly in support of the ordinance but also people expressing concerns about the ordinance written as is and we have definitely taken those concerns into account. So in section b, you'll see that we are changing the days prior to termination, relocation assistance would be required from 75 days to 45 days. That effectively takes care of the issue or the scenario that some landlords were concerned with where they gave the relocation assistance at the 75 days' prior, the tenant stopped paying rent and/or refuses to move out. By changing it to 45 days, we are landing that required

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payment in the middle of time period where the landlord should actually have the last month's and security deposit which would cover the remaining period in the event the tenant stopped paying rent, which is unlikely since they need a good reference but I guess could happen. In section e, number 1, I'm just going to read this. I think it's short and clear. As of the effective date of the relocation assistance provision the landlord has given notice of termination but the termination has not yet occurred, the landlord within 30 days of the effective date of the provisions either shall notify the tenant in writing that landlord has rescinded the notice of termination or pay the relocation assistance provided for in subsection b of this section. That's simply allowing them to -- pardon? Jamey can speak to it in case anyone has any questions. But it allows them to rescind the notice so that they are not compelled to pay relocation assistance.

**Fish:** Before we get commentary I'll second both for purposes of discussion.

**Eudaly:** I have one more.

**Duhamel:** I wanted to explain that last section. There was concern because this immediately takes effect on 90-day notice period there may be landlords who are because of the way the ordinance is written automatically out of compliance and would be -- could be sued for damages because they are not in compliance even though the law changed in the middle of their period. So the purposes of those last two sections of the amendment is to provide time with which the landlord can choose to either rescind that notice, reduce the amount of rent increase that they have noticed, or pay relocation without penalty of damages.

**Eudaly:** Jamey will you talk about section e, number 2, as well? Effective date of relocation assistance.

**Duhamel:** That was just reinforcing -- just wasn't in the original language but it was always our intent that it would automatically apply to 90-day notices in period. When the 90-day notice period changed with the state, when it changed from 30 to 90 days it became and automatic anyone who is in a 30-day notice period had to renote to 90 days and it's the same purpose. Same language.

**Wheeler:** For the purposes of discussion, commissioner Fish, I will notate your section e amendment as the Fish amendment.

**Fish:** But I'm not -- I don't want to complicate things. The legal council did a good job drafting something but it doesn't quite capture the spirit of what I wanted. What I really want to put on the table is I believe once the hearing is concluded the council may wish to consider a process for future rulemaking. I want to just flag that issue, get advice from people testifying as to what that would look like, they may be mutually exclusive. We may be able to act on this and put in place a process for future rulemaking. I took a crack at it but I don't think it actually does what I want it to do. No disrespect to the attorney. I'll take the responsibility. But I want the concept to be framed.

**Wheeler:** We will not refer to that as the Fish amendment. We'll consider that the Fish process question to be discussed over the course of insightful testimony and with your agreement commissioner Eudaly I will call you -- would you like these broken apart? Seems like they are all fairly connected. In which case I'll call it the Eudaly amendment and it will encompass all the sections.

**Eudaly:** Yes.

**Wheeler:** It's been seconded by commissioner Fish for discussion purposes.

**Fritz:** I have a minor amendment on the issue of the -- it says in the proposal that it doesn't apply for an owner who temporarily rents out the owner's principal residence during the owner's absence of not more than one year. I'd like us to consider an amendment that changes of not more than year to for a set period of time. So in an instance where a person's overseas for two years, it's clear ahead of time the lease will not be renewed. I



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think that is one. I have also been reading a lot of really great testimony from people and on email for and against. One of the questions that comes up a lot, very small landlord you have maybe one to four units. Therefore, not as much flexibility as when some people would be moving and some not. So I think we should consider whether we want to exempt those kinds of small landlords and just interested to hear what people have to say about that.

**Wheeler:** Very good. I will second both of these for the purposes of discussion understanding that there is meat potentially to be put on the bones of these amendments going forward in terms of specifics. Is that acceptable?

**Fritz:** Yes.

**Wheeler:** I was going to offer up a similar amendment based on some of the testimony I have received and I'll describe that later. I really want to hear what other folks are saying. Commissioner Saltzman, did you have any amendments? Very good. We are ready for the meat of the show. Which is you. The people. Your chance to speak.

**Eudaly:** Are you aware that we have residents of the Normandy apartments coming in now?

**Moore-Love:** I have people from the titan but I have others who have signed up with special needs.

**Wheeler:** If I can ask, how many people are currently signed up for testimony?

**Moore-Love:** 118.

**Wheeler:** So quick calculation that's hours and hours and hours and hours. So here's what we will do. Let's commence testimony -- it's now 4:00 p.m. In about half an hour let's take a very brief break. And then let's reconvene, let's see where we are at 5:30. We may decide, I'll take the temperature of my colleagues up here, as to whether or not we want to take a dinner break and come back or continue. So we'll just make that determination. Again, everybody gets three minutes to speak. State your name for the record. Ideally if you're part of a group you pick a couple of representatives and everyone can stand. If your comments have already been made, please come to the microphone and say I'm for it or I'm against it. Briefly state why. Thank you.

**Noel Studder Spevak:** I'm noel studder spevak, I'm a landlord. I also serve as wriggler pta president. I encourage you to vote yes on this ordinance. Our community lies just south of the airport and provides many service workers help run the city. I want to be sure that everyone understands that our region's future depends on children having access to good schools and reliable rental housing. An important factor in a child's success is community cohesion so wherever the child goes the church, the school, the neighborhood, there are familiar people with high expectations. When an economically vulnerable child is uprooted from their community it permanently decreases his or her chances in life. I have research to back this up. We're talking about the next generation of Portlanders here. The rental shortage is real at wriggler school 14 children have left due to economic eviction so far this year. Friday before the bitter cold mlk weekend teachers took up a collection to help a family stay in a hotel. 211 resources are tapped out. Two wriggler and Scott families will be evicted this week if they can't pay the newly increased rent. Finally, what will happen with the 26 children from the Normandy apartments whose rent is doubling April 1? This mass displacement is deeply affecting students and teachers. Five of the parents in the group are core members of our volunteer community helping in the cafeteria for ten hours each week. I urge council to pass this stopgap measure to slow the economic evictions and scattering our children. Relocation assistance is a good step toward helping families land on their feet, not the street. So that all children have a chance to succeed and share their gifts with the world. Following me we'll have testimony from three members of our school community who recently received the rent increases. We're grateful to mayor wheeler and



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commissioner Eudaly for introducing this ordinance. The ordinance that passed last year to increase notice from 30 to 90 days has been a really big help for us. We appreciate that. Thanks to Multnomah county and home forward who found rental assistance so that our kids can complete the school year at wriggler. Also thanks to many allies coming together to support our families. Finally, we thank each of you for considering this measure and we hope that you'll pass it today.

**Wheeler:** Thank you. [applause]

**Jennifer Bollinger:** I'm Jennifer Bollinger, I have three children ages eight, four and one. Our family are residents of the Normandy apartment building where we have lived the close to ten years. They recently gave notice to increase our rent by 100%. I feel this is unjust to double someone's rent all at once. It's unlikely my family nor any of the other residents will be able to find the means to afford this rent increase. Their only option will be to move. With moving of course comes more stress. Our children will be torn away from the community they are comfortable in and for my husband and I it will mainly be financial stress. It will be difficult to find the means for a new apartment. Application fees -- new deposits, first and last month's rent, moving truck, et cetera. If one landlords were required to provide relocation funds, it would help ease the stress of the situation immensely. As I'm asking you to please vote yes on this ordinance. I want to say thank you to Chloe Eudaly and everybody else that has proposed this ordinance. To all others who have helped and supported us throughout this hardship. I speak for everyone when I say it's appreciated from the bottom of our hearts.

**Wheeler:** Thank you.

**Jessica Sanchez:** I'm Jessica Sanchez. I have been in the neighborhood for 15 years. The rent has increased a lot. I work as an early educator for head start. Even working in the field is not enough. My rent went to 1300. That's how much I make in one paycheck. It leaves me with nothing to pay my utility bills. It's making me cut. [crying] everything that I pay comes out of my pocket. And if nothing comes out of this meeting, starting in April I'll be forced to go share a house with somebody else because I can't pay it. I can't pay. So I encourage you to please vote or at least take some control. Rent has been so harsh. I have been there four years. Back then it was easy to move. Now I'm speaking for myself and other families who don't have the courage to come here and talk. They just keep moving. I have my child is in kindergarten this year and he is going to receive speech therapy, so I don't want to move him from there. It's a lot. This thing is just -- very hard. I can't -- I can't see myself in the streets. I can't see him in the streets or moving him. So I really -- please take action and vote or come with a measure that will help everybody. There's other families who are going through like me and I just can't see -- I can't -- April is so close already. So we don't know how we're going to do it. We don't know how we'll make it. So please, thank you if you pass this or vote for it. [crying]

**Wheeler:** Thank you very much.

**Fritz:** Thank you all for coming. It's really helpful. [applause]

**Juana Santos:** Hello my name is Juana Santos, I've lived for 10 years in cully and 5 years in the Normandy apartments. And I'm here with all my neighbors asking for your support it's very unjust to have our rents doubled by the new owners. One of the reasons we don't want to move is because we don't want our children to have to change schools they're very content at our school and for me one of my children is in special education classes and he has received very excellent support at this school. And so the children are so happy and content at this school and what we're asking for is a rent that is affordable and reasonable because especially with the weather we've experienced work has been down. What we'd really like is to keep living where we are, but if we can't reach an agreement with the new owner it would be really important for us to have some economic help

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moving, but what we really would like is to stay in our current homes with a just rent as it's completely unjust this rent increase we're facing. So we hope that you will approve this proposal thank you.

**Wheeler:** Thank you

**Eudaly:** If I could make a quick announcement for those who are in the over flow room at the Portland building, there is some seating upstairs now for some of you if you would like to come back across the street.

**Fritz:** Thank you for coming.

**Wheeler:** Why don't you go ahead and start.

**Joe Walsh:** Good afternoon. My name is Joe Walsh I represent individuals for justice. It was very difficult for me to come here today because the cold weather had a terrible effect on the oxygen. So it really caused me to struggle to be here. I wanted to be here to congratulate you on this. Because so often I come before you and blast you this is a measure you should be very proud of. And you have to ask yourself some questions. Why are the owners of the complex doubling the rent and they just apply that financially? Commissioner Fish suggest that we have some rules who is going to make the decision of hardship for the owners? That sounds reasonable. So why not have all of that stuff take place within that year. So turn around to the owners and say okay tell us why this is a financial hardship for you. Let's see the data let's see the financial papers you have let's see your taxes. That's a possibility. The owners of these complexes are multi-millionaires for god sakes. The ones who showed up here today are almost multi-millionaires. My complex that I live in was bought a year ago and our rent has gone up. And our landlord said from the beginning she was in it for the money. That's it. He raised our rent 10%. Which is right on the boarder. Which is reasonable. Can we sustain more of those? I'm one of those people that are disabled. And I live on a fixed income. And I can sustain one or two more rent increases but no more. You hear the plea of your citizens and then hear the plea of the people with the money. Make a choice. And represent your people and not the money people. Thank you.

**Wheeler:** Thank you, sir. Good afternoon.

**Coya Crespin:** Hi. I'm from a complex in north Portland that has no cause evictions on all of us in the building. Sorry, I have something written that I should read. I'm here with 25 families from north Portland. We all came here to have our voices be heard we depend on our city leaders to intervene in a time of crisis and we are in a crisis. Renters all over the city, not just us in north Portland are experiencing astronomical rent hikes and no cause evictions being displaced out of our homes and neighborhoods. I live in saint johns. I love saint johns. I don't know if you guys have been there. There's a big Paul bunion. And every time we pass, we say hi Paul. 6-year-old daughter in the baby sitting room right now. Every time we pass over the st. Johns bridge, we know we're coming home. My daughter attends school in north Portland. She takes Spanish on Mondays, ballets on Tuesdays at her after school program. Leaving her school mid-year would be devastating to us. This legislation provides us a chance to stay in our neighborhoods. The money this legislation provides us a chance to maintain stability with our families. It gives us a chance to not be insignificant to the powers that be. That's all we're asking for is a chance. To stay in our neighborhoods. Thank you.

**Wheeler:** Thank you.

**Fritz:** Thank you for taking the time to come down.

**Wheeler:** Thank you, good afternoon.

**Tim Marcroft:** Good afternoon. So one of the impediments put in place of this policy is a threat, a legal threat that says this policy is equivalent to rent control. That, to me sounds like up is down and fire is wet. This policy is not rent control and I'm not the only one who

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thinks so. For example, the city of west Hollywood requires that a tenant's whose tenancy is terminated through no fault of their own can be paid a relocation fee which is more generous than the one on the table here before notice can be given. This applies to all properties including those that are not covered by rent control relocation assistance is not rent control. The city of Seattle requires the relocation assistance be given if their landlord terminates tenancy without a just cause. Seattle and the entire state of Washington have a ban on rent control. The entire country of Japan has a ban on rent control and they have a very stable housing market, and also if a landlord wishes to terminate a lease early or raise the rent of an existing tenant they must either have just cause or pay an eviction fee to the evicted tenant relocation assistance is not rent control. The proposed relocation assistance policy is common sense and terribly generous Los Angeles relocation assistance policy pays out at the high end over \$19,000 it's common sense its response to a dire need other cities big and small have tried it and I urge you to vote yes on this much needed protection for renters without amendment.

**Wheeler:** Good afternoon.

**Laura Young:** Good afternoon. I have yet to meet you, mayor. My name is Laura Young. I am the chair of the Cully Association of Neighbors and also the director of the Cully Boulevard Alliance. Thank you for having me. And thank you for having this important issue. Today I'm representing the Cully Boulevard Alliance we have as a board unanimously approved support of this ordinance. And going to read you my comments and I'll get on my way. The Cully Boulevard and Community Alliance wishes to express our great appreciation of Mayor Wheeler and this Council to provide better protections for renters in Portland's ever changing housing market. And to voice our support of the emergency relocation ordinance. The Cully neighborhood remains among the top old Portland neighborhoods most at risk of gentrification and involuntary displacement of low income residents. The housing storm is hitting Cully's renting population hard and fast. With virtually nowhere to relocate, most tenants facing no fault evictions and sky rocketing rents are facing forced relocation outside the community and many at risk of homelessness. The situation at the Normandy Apartments is the latest example of the distressing trend in our community of no fault evictions where 18 families including 26 elementary school kids will be forced to relocate outside the Cully neighborhood for lack of affordable housing options within the neighborhood. The families were given 90 days' notice of 100% rent increase. Some were \$800 a month so it was more than 100%. Rent increases after -- excuse me. In the apartment building was without any notice of intent on sale being provided by the owner. The lack of legal protections and entitlements to land owners are best unfair and in this case simply inhumane. The problem we face in Cully in its simplest form is one of supply and demand. We need more affordable rental and homeownership options across the economic spectrum. Our most urgent and dire need is for moderately priced market rate rental units. There is not enough vacant rental units to houses being displaced within the community. This means the 26 kids will be ripped out of school and forced to pick up the pieces of their lives somewhere elsewhere where school community supports and the only home they know may not exist. Until we as a city and community develop alternatives to address these disparities, we must take action to address the immediate needs of the most vulnerable populations. We urge this Council to support the emergency relocation ordinance. Thank you.

**Wheeler:** Thank you.

**Moore-Love:** I was told there are people coming in.

**Eudaly:** While we're waiting I would like to add for the benefit of my colleagues.

That Wiggler School is unique and that is a dual language Spanish and English. And they have been able to provide support and create an amazing school community there for the

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Spanish speaking families that we saw today. In a district that is seriously struggling to serve families in those circumstances. So it's an example of far reaching perhaps incidental but far reaching consequences for tenants being displaced. Okay. We have three people testifying from titan manor.

**Fritz:** While their getting settled commissioner Fish, Saltzman and I were at Wiggler when we passed the cully Concordia plan. So it's an example of a neighborhood that's really a community and the school is the center of its fantastic neighborhood.

**Wheeler:** Good afternoon.

**Hilda Hernandez: [interpreter]** Her name is Hilda Hernandez and she comes from the Titan manors community. She is in support of the ordinance and she states that yes the help it is very good and granted and she is in support of the ordinance. However, more than the monetary help that they could receive, they come from a community that is very united. And the help that will be provided by this ordinance does not necessarily meet the fact that facing this mass eviction from the community will break their community. And that's where she left it. So Hilda says this mass eviction affects mostly children. Children who become aware of what the families are facing. And who start internalizing the worry. And start asking questions about where is my friend going to go? She's talking about not only those facing the eviction. But children who are very united they are going to attend the same school. And start asking the questions of then the community ask how are they going to make it to school? How do they cross the street? Who do they rely on? Where is that neighborhood they rely on, on a regular basis? She states this is a community I've been united for about 20 years. So this breaking of the community will mean a lot of them will go into the streets. The relocation will mean they will not rely on the education they have been receiving for many years. And their future will be uncertain so she's in full support of the ordinance which helps families have a leeway, but they will certainly rather stay where their actually living.

**Deborah Lara:** Good afternoon. I'm Debra Lara, mayor Wheeler and Council members I hope I can maintain my composure here it's a very stressful time for all of us and it's very hard seeing all of my neighbors and feeling the sorrow and the sorrow of the children. And we are a tight community and it's a very lovely community because we know our neighbors and we get along with them and it's a joy to see the kids running and playing. So you know we've already lost several families they had to move so they've already left, now in my household I'm disabled and my roommate is a senior citizen. So I know that this may be affecting more than just 70 families because there are two families in the apartment where I live. So it really does displace a lot of people and I would just like to say that I appreciate what you're doing and I hope it works and goes through because we need something to just stop people from coming in and treading on us. That's all. Thank you.

**Wheeler:** Thank you.

**Moore-Love:** Thank you. We're going to start on the regular sign up.

**Luis Mauriquez:** Dr. Luis Mauriquez I'm a primary care doctor in Portland. I'm here today with the metropolitan alliance for common good. Before we begin I'd like to ask some of the members to stand. I'm here on behalf of my patients because housing is a health issue we tend to think about healthcare and disease when we think about what affects health but, it is social situations like insecure housing that have the biggest impact. These issue are called the social internments of hell the social internments are behind who gets sick and who doesn't they are the causes of causes. This cold weather reminds me of a patient I took care of recently a pregnant woman who was having breathing problems because of the gas fumes from heater in her car. She couldn't afford rent so she was living in her car and using the heater all night to stay warm. Even though she knew that was causing a harm to herself. I'm here because whenever a patient loses their home due to rising rents



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and a family has to double up or triple up because housing isn't affordable, it makes it harder to treat their medical issues, the diabetes, high blood pressure, and asthma. Once people are without housing it can be impossible to get medical problems under control until the housing problem is solved. In my view, as an evidence based physician this ordinance is a form of preventive medicine. I ask you to vote yes to help protect the health of our city. Thank you.

**Wheeler:** Thank you.

**Fritz:** You'll be happy to know that at least one class at ohsu has been asked to send us messages about this and it's really looking at it the same way.

**Mauriquez:** My students are here.

**Gillian Weisgram:** Good afternoon. My name is Gillian weisgram and here with mac g. In July of 2015 I was evicted from my home at ne 122<sup>nd</sup> and Halsey. We had lived there for a little over two years. My husband and I shared a large one-bedroom apartment with our than 2.5-year-old daughter. Since we don't drive, the neighborhood was right for us. We had easy access to affordable groceries, parks, transit and clothing, medical needs within a comfortable walking distance of about a mile. At the time we were both students at Portland community college and I was working part time at Albertina Kerr's campus on 162nd. My commute was about 20 minutes including walking to the bus. And work was about a block from the bus stop. Our rent was around \$750 a month. When we were forced to move, we were given 60 days' notice. The management company told us we could relocate to any open apartment in the complex except we no longer met their income requirements. We were unable to find an apartment in Portland and we were forced to look in Gresham. Luckily we were able to find a landlord who had an available duplex and had no income requirements other than you had to have a job. We were able to move in quickly. Rent was \$1200. In order to afford our rent increase, we had to go on food stamps. Our move in cost was \$2500 which we didn't have since most of our income was coming from financial aid. We borrowed that money from my parents who had just moved to Portland and were trying to sell their old house causing financial hardship for them as well. Took us a while to pay that back. Our new home is located in downtown Gresham close to Gresham high school. We have seen several lock outs of the school due to violence. There was a stabbing and the only city park within walking distance. My commute to Albertina Kerr increased to 30 minutes including a much longer walk down 162nd. When I got my new job in downtown Portland my commute became 45 minutes when it could have been 30 or less. My husband's commute to pcc Sylvania campus is now longer by 30 minutes or more depending on transit. He sometimes has to take night classes that get out at 9pm and he waits sometimes for over 45 minutes downtown to get a max that goes through the junction and then back up to 6 to get to school the next morning at 9 a.m. Because there's no grocery store by our new home, we're dependent on my parents to take us shopping. The quality of our life went down in many ways when we were evicted. Longer commutes, less family time, fewer resources nearby and not being as independent as we were before. Being displaced like we were brings a lot of hardship. I urge you to adopt this ordinance to help families like mine.

**Wheeler:** Thank you.

**Megan Kidd:** Good afternoon mayor and commissioners my name is Megan Kidd. I'm the co-chair of mac g's housing team. A mac g member who is part of the Latino community wanted to be here today to share her story. But recent actions by federal ice agents against immigrant members in our community made her too afraid to be in any public place unnecessarily. So I'm here to share her story with you. My name is Ophelia Chavez. My husband and I have three children. In 2015 after living in an apartment at ne 21<sup>st</sup> and weidler for 7 years, my family was given a 90-day eviction notice. They said they were



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going to fix the apartment up and needed all the tenants out. We were paying \$945 in rent and always paid on time. My husband and I were worried about our situation. We didn't know what we would do. We started looking for another place. And we were able to find a two-bedroom apartment nearby on ne 18<sup>th</sup> and schuyler. And we loved it. It was still walking distance to our jobs. The rent was \$1425. And we had to pay for utilities which we didn't have to do before. On top of that it cost us \$2500 to move in. That was hard for us. We only lived there for one year because we couldn't continue to pay the high rent. The water bill was insane. The month we moved was \$250. And another time before that it was \$315 for just one month in a small apartment. We didn't get the bill from the water department. It came from our landlord every month. After a year, we didn't renew our contract while we looked for a place to live. Without a contract, the last month's rent was \$1800. Our only option was to move in with a relative who lived in the neighborhood and renting a house with three bedrooms and one bath. Three families are now sharing this 1300 square foot house. I'm very relieved to have a home. But living in such close space with so many people is very stressful and we get depressed sometimes. But I worry about the changes affecting my children. Please pass the ordinances before you today. Families like mine need help.

**Wheeler:** Thank you. And if I can ask you, after the next panel of three, I'd like to take a 10-minute break. And talk one on one during that 10-minute break. Thank you.

**Wheeler:** After these three, we're going to take a ten-minute break. Good afternoon.

**Mike Nuss:** My name is Mike Nuss a local real estate entrepreneur I have a very small company in the city named a rare bird. I have also been working living and breathing affordable housing for the past three years. Working in the trenches with the mom and pop owners in the city and the tenants that they have. Before I get started today, I just like to say two points that boiled to my brain while sitting in the audience. One, thank you, council, for the boldness of bringing such an ordinance to the table. We are in a housing crisis. There is no doubt about that when you look through the room. I do have to say that it's very sad to watch the way it's been brought to the table. So much disrespect that it continues to largen the divide in the room. Donald trump politics will not solve the solution. I'm not going to sit here and get on the tunnel vision of the reality of what's going on with the tenants. It's real. It is 100% real. I see it on a daily basis I'm also not going to sit and focus on the tunnel vision of the unintended consequences. I'm going to bring stories of real life mom and pop owners their tenants, my tenants to the table so you can see who we are. And also want to provide a possible solution I hope the city council seriously considers. So I'll get on with my stories. I'm going to talk about seller g and a. Owners of 14 units within a couple miles of here. When we met them, they had 14 units they now have 10 we bought a four-unit building from them they lived in one unit. One tenant moved in with another tenant and the fourth tenant was moving out when we bought it. I'm proud to say that we have three market rate tenants in that building now subsidizing the tenant that we inherited that is a minority school teacher, minority social worker and paying \$400 less than market rent. D and w that owned eight units in the city of Portland and sold us the 6 unit building. I didn't know the tenants when I made the offer and had an agreed upon purchase price of that building. Five minutes of walking on site, I knew we had a completely rearrange that purchase of that transaction. All six tenants were past homeless, past alcoholics and past veterans. And all getting privately subsidized rent 60% of market rent. I'm proud to say they've lived there for a year. Absolutely no rent increase and still are privately subsidized. I'm going to talk about s and c. Owner of 9 units we bought a three unit building from them we just recently had to give a 10% total cost of living increase. 5% of that comes from water increase. 5% came from rent increase. They are still paying \$600

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a month when market rent is 800 and water bill is 20% of our rent that we get which we pay. I want to talk about m and g.

**Fish:** Sir I have to say before the mayor is going to cut you off because of the time.

**Nuss:** Can I get to my solution?

**Fish:** I was going to ask you to give us your solution.

**Nuss:** Mom and pa owners 20 unit buildings and less on 80% of the unit in our town. If you can remove ma and pa owners from the equation, don't legislate based on portfolio size. Legislate based on building size and owner turn over. This is where the problem truly is if we can understand who your enemies are the larger developers that have a huge impact on our market place and who your allies are, the ma and pa owners like myself and the ma and pa owners in this room who want to privately subsidize our units need to be brought to the table.

**Fish:** I'm going to have to -- we have 100 people. You are saying you define mom and pop of 20 units.

**Nuss:** I do.

**Fish:** I'm not arguing. Just asking. Thank you very much and you've made two other suggestions.

**Nuss:** One last thing, ma and pa owners can't handle a 10 to \$20,000 increase to their price. These are the people we need to buy buildings. The developers can write the \$100,000 checks for the Normandy and the Titan manor. That's what we need to control.

**Fish:** Thank you.

**Wheeler:** That goes for anybody. If you decide you can't stay, we will take written testimony as well. Thank you.

**Gary Whitehill-Baziuk:** Good afternoon, mayor and commissioners. My name is Gary whitehill-Baziuk. And I've been a realtor in the city for over 20 years and work with investors. I see and most of my clients see at first glance this ordinance may look good on paper. But the long-term negative unintended consequences are great.

**\*\*\*\*\*:** Can you speak into the microphone?

**Whitehill-Baziuk:** Sorry. Most people primarily and most significantly those consequences will be a shrinking of the number of units in the renter pool. Most people who own these properties are small investors and they bought the properties for supplementary retirement or college fund or for their parents when they age. These people never keep their rents up with the current market rents. Their goal is to keep the tenants for longer period of time it's not uncommon for them to have the same tenant for five years or longer hence the rents are lowered. Now they are feeling threatened the legislature in Salem has bills before them talking about rent freezes or rent control and now we have this. And I had a big section here, but your amendment takes all of that away. So the question many of them have is, is it worth it? I've read many comments online. And had numerous conversations with clients and colleagues and what appears to be happening is that many of them are just saying no it's not worth it. And they will sell their properties. If they choose to do so, other investors will not be purchasing these homes they will become owner occupied. There by removing these units from the rental pool. Less units in the pool means higher rents. Simple supply and demand. The opposite of what you are trying to achieve. The one thing that everyone in this room can agree with is the need for affordable housing. That's a community issue. However, although it is a community issue the only people forced to contribute to the solution are private property owners. Look at the current landscape inclusionary zoning people who want property zoned for apartments have just seen the value of that property reduced by a minimum of 30%. Potential rent freezes in Salem neighborhood associations discussing becoming historical districts thereby making it increasingly difficult for developers to build apartments. And now this although this is a community issue, the

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community is not being asked to assist in the solution. Property owners have been cast as the bad guys. I'm not certain what the community solution is cause I have little faith the Portland community would he vote for a tax increase to supplement some ones rent. What we need is holistic approach not piece meal legislation with no vision as to how each one impacts the other. Government in the community as a whole have to be part of the solution not just one section of the community.

**Wheeler:** Thank you.

**Fish:** Can you move the mike over if you could? The whole thing slides down.

**Ramona Foster:** Good afternoon, mayor and commissioners. I am Ramona Foster better known as mama Mona with better left behind with the homeless, but I am here today representing myself. I was served Sunday night a no cause eviction last 18 years I dedicated my life to helping less fortunate with the hands up and assisting them with different agencies that have been mentioned today. And now I need help myself. So the vote on the relocation ordinance, each one of us today here and each one of you on the city council I want you to know my personal experience is it's been a shock it's raised my blood pressure now since Sunday. The owners of the complex the 92 units that I live in the satellite apartments in park rose was built in the 60s. I took care of that. I'm going to wrap this up. I took care of Mrs. Johanson who into her 90s and wanted the units to remain affordable for families. Well, she's passed on and she's not happy today. Anyway, I have a disability. I'm on ssi. Thanks for moving me up so I can share briefly. Vote yes, please.

**Wheeler:** Thank you. We appreciate your testimony. Thank you for being here. Thank you. So we'll recess for about 7 minutes. Thank you.

**At 4:44 p.m. council recessed.**

**At 4:56 p.m. council reconvened.**

**Wheeler:** We are back in session, so folks we have 110 people signed up that's over five hours of testimony. My assumption is people do not want to be here until 11:00 or midnight so here's what I propose and I've discussed this with my colleagues and there amendable to this we are going to limit testimony to a minute and a half, but I'm not going to be draconian about it. What I'm really asking people to do is be succinct and we've heard a lot in particular from the proponents and I think they made a very good and compelling case. We would like to hear more from the opponents to make sure if there's something we're not capturing here we can capture it. I am not going to be too hard about the 90 seconds because I know a lot of people came here with the intention of speaking for three minutes. But we are going to start with 90 seconds, see how it goes. If you would just be as concise as possible.

**Fish:** I have one question.

**Wheeler:** Question.

**Fish:** At 6:00 we will hit the pause button again. At that time, we will see how to proceed? Whether to continue into the evening or whatever the alternatives are?

**Wheeler:** Sure. Works for me. The next three, please.

**Wheeler:** Very good. Good afternoon please.

**Diane Frank:** I am Diane frank. I own a single family residential here in Portland. Northeast Portland. And I want, there's so many issues I want to talk about that I'm just really, really constrained right now but I do want to talk about a couple of things. I really feel that landlords, especially independent landlords like myself have really been slandered here today. I own a house that hasn't had a rent increase for seven years. I haven't had a vacancy in nine years because the tenant have a very good rental situation. And I have maintained that. At no small expense to myself in order to keep housing affordable. There's a real crisis in the city but putting the burden on the landlord if they want to vacate the property to do significant repairs or if they want to use it for other purposes such as

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moving into it themselves or a family member, is unreasonable. The other thing that hasn't been addressed in this conversation today is that the lack of housing affordability is being driven in part by Airbnb rentals taking housing off the market. That is not part of this discussion. Another part of this discussion is the fact that it is also being driven by out of state and foreign investors. That really is the root cause of part of what's going on here and that needs to be addressed. And I feel that one of the unintended consequences as mentioned earlier is that small independent landlords like myself who have been conscientious, and provided really top notch housing at a very reasonable cost for tenants will sell. And I have four tenants and there will be four tenants looking for housing because it will go to a single family residential, a family will buy that house. And the other thing is that I do want to talk about the fact that there's no accountability. So if I do have a pay this \$4500 to give notice to tenants is not an eviction, it's a notice, then how do I know that that money will be actually used for housing? This is supposedly for housing. How do I know that that's how they will use the money?

**Fritz:** May I ask a question? You have one home. Correct?

**Frank:** Yes.

**Fritz:** So you have four renters within that home.

**Frank:** It's roommates. Very large home.

**Fritz:** And do you have four separate rental agreements then?

**Frank:** No. I have one rental agreement.

**Fritz:** That's a question I had for commissioner Eudaly and that situation is that what the compensation was intended to be that's something we can clear up later. But thank you for that example.

**Frank:** The other thing I want to bring up is the fact that Seattle's housing provision only refers to in terms of relocation and there's been some misrepresentation of that it only refers to properties that are being demolished, remodeled or there's a change of use. This is very different from that. Thank you.

**Wheeler:** Thank you. Yes, sir.

**Erik Luysterborghs:** Hi. My name is Erik Luysterborghs. I own a small real estate agency that does real estate sales and property management. When I heard about this, I immediately, I am going to have trouble implementing this. I immediately went to my property owners and asked them for feedback as to, what do you think this would trigger from you? What are your first ideas about this? So I am going to share those. First I want to preface it with this. My company has always had a policy we only did rental agreements so month to month agreements and this is why. It gave flexibility to both sides. You want both sides to be happy in a successful property management business. A tenant needs to be able to leave if they lose their job. A tenant needs to be able to leave if they don't like the house. The tenant needs to be able to leave for a lot of different reasons, if they buy a house, become first-time home buyers. From an owner's standpoint make their circumstances change and they need to reclaim the house. Maybe there's something nefarious in there that they are not going to go be able to get enough proof to support. Anyway, so the first thing that they all said, leases. They want to move to leases. They want to have certainty. They want to completely avoid the potential of this becoming an issue for them. So why is that bad? One-year lease, that sounds like a good thing for a tenant. There's now an end term. This is when the landlord has to make a decision. Do you want to live in a place for one year? Adding months after that, month to month standpoint now you start getting a situation where you trigger if you need to make a change in three months or four months or six months or nine months. So there's that. Also with leases, an eviction is a legal action. Ok. So there's fees that come with that, attorney fees or lease break fees. If you want to buy a house, you don't close on the house until



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three months or a few months left on your lease. You have to pay a lease break fee. You lose your job you have to pay a lease break fee. The other thing they want to increase deposits on the rentals. There's two interesting pieces of advice. They want to increase deposits. They didn't want to do improvements during the tenancy. They want to do those after the lease is expired. And they wanted us to be especially diligent with tenant repairs and billing the tenants for the repairs if they were caused by tenants. And they wanted us to be very diligent about notices. Because now if you are good go to do an eviction, a legal process you have to have very strong documentation. Quickly, to the interesting pieces of feedback that I got of advice. Their biggest concern was having to give this money to tenants before the tenants performed on their responsibility of vacating the premises. What they said was, look, we already have one month of rent of these people's security deposit. We could advance that to get their move-in costs. We could also say they have three months of rent coming in. Instead of us having to come, maybe we can come up with a situation where we are putting rent into a thing to provide that to them in the future. We didn't like the idea of \$4500 potentially out of their pocket when there's money there. The tenants are providing this. waive rent if you're going to do that.

**Fritz:** Could you give a clarification of commissioner Eudaly. Is this intended to apply at end of a one-year lease? As well as in a month to month?

**Luysterborghs:** It converts to a month to month after a year unless you resign the lease.

**Eudaly:** Yes.

**Christopher Frick:** Hi my name is Christopher Frick I'm a Portlander lifetime lived in the same neighborhood I was raised I own property in the same neighborhood I was raised, small landlord, single family and duplexes. Just heard about this last night. I am a pretty active person. Pretty in the mix and this just came through on an email somebody sent me because we are all very concerned about it, people I know who own a couple of properties. I feel like it's punitive. Just the language alone, at this meeting and the million, multimillionaire landlords is -- it's just comes across as ridiculous in a lot of ways. We don't have the resources to take care of \$4500. \$4500 from me in one of my three bedroom houses I rent currently in northeast Portland, a hot, hip neighborhood off Williams, that represents two and a half months of rented in this building. If -- I haven't had to advertise on craigslist people move out they say here's my friends number, they want to move in I say great. Give me the new deposit I'll give it back to the tenant that moved out and we will move on. I won't do that anymore. What I will do is soon as I get a notice someone is going to leave, I have never evicted anybody in 20 years of doing this. So these are anecdotes and all these things, I understand the impact people personally and emotionally. It's a very serious thing but I have to feed my kids. I take my kids to public school. I have to service my vehicle. I have to replace the roofs, the furnace, the gutters. How many things leaked after this snow the last two weeks? The measure is not going to help affordable housing because we are going to take affordable housing off the market. It's not going to help affordable housing because we are going to raise the rents to the maximum level possible. One month of vacancy? Negates a year's worth of income. I am talking about profit, yeah, we take your rent. We take your lease payment and we pay a mortgage with it. If I don't pay that mortgage, no one's going to give me \$4500 to take my stuff out of the house. I've been in that position before. 2008 we almost lost all of it. It takes relationships, it takes dexterity, it takes strength and time and energy and effort. And that's what's gotten us here. Small-time landlords, this is our life. Just like moving out of your life, moving out of your rental is your life, this is our life. This is my kid's college education; this is my nest egg. I have no 401(k). I am self-employed. I have no retirement. This is I and you are limiting what I can do, somebody said the only reason to kick somebody out for capitalism. I'm sorry but we live in a capitalistic society. [booming] this is like a trump measure. Whether



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you like it or not. You don't write the rule and ask to fix it later. This has negative consequences across the board that nobody has considered. We all want people to live in their houses. We all want people to have stability. If everybody stops paying rent, where is my stability? Where is my family security?

**Wheeler:** Thank you. I appreciate it. Thank you for your testimony.

**Wheeler:** I really don't like cutting people off so if you could really work with me to be succinct I would appreciate it.

**Dan Hayes:** My name is Dan Hayes and I am a small investor landlord as well as an owner of a medium-sized property management company. And those are the people that I represent. I am not here to ask you to vote no because I need to use a no cause notice to vacate to manage a tenancy because of a troubled tenant or I don't like that tenant. I have got due process. I can go to court. That's where we were yesterday. What I am asking you to consider is all those elements that you need to be able to have that flexibility to do the things you need to do with that property, renovate it, sell it, make it better, create more housing, more units that are available. I have six units in the design phase right now and I can tell you that I will put all of them on hold because I don't know what's going to happen with my income, because I can't trust that our leaders will make sure I am represented as well. Did you know that about 60% of my inventory, the clients I serve, 60% are those folks are single family homes that are doing it for a temporary reason. One, two, maybe three years. Nearly 100% of those folks will no longer make that inventory available. This proposal as written will have the opposite effect. You will lose units available to rent because people will get flat out, out of the market. Secondly, if you force people to pay three months' worth of rent as you designed it, for relocation, nearly 90% of my client base is at breakeven at best. They don't make a ton of money. 4500 dollars to them represents easily two to three years of free cash flow. I am going to guess the property tax has gone up, maintenance will go up we're on a labor shortage in Portland. It costs more to get a plumber out there than it did a year ago. What are we going to do to control that? Secondly I take exception being lumped into a group of landlords that treat tenants like furniture. You weren't in my car yesterday when we went out and made sure somebody had heat at 10:00 at night. The vast majority of our residents are fantastic. We really appreciate them. The vast majority of landlords are great landlords and they should be represented.

**Wheeler:** Thank you. Appreciate it. Thank you.

\*\*\*\*\*: Thank you, mayor.

**Eudaly:** I have a question. How many clients do you have?

**Hayes:** 300.

**Eudaly:** You said 90% of them are --

**Hayes:** One house. One unit.

**Eudaly:** Thank you.

**Wheeler:** That's helpful. Good afternoon.

**Bob Proctor:** Thank you, mayor and commissioners. My name is bob proctor. I Live in inner southeast Portland. I've live in Portland since January 1986. I started out in northwest Portland can't afford that anymore. Went to southwest Portland. Can't afford that anymore. Went out to Gresham. A little bit too far out. I am retired. I am on disability. All right? Had a divorce. And now in a new relationship. Moved out of the house that I had. And we bought a house together. I rent that house. I have had, I have only been doing it for about five years. I have had two tenants. One for three years. They decided to move out. I had a couple of months' vacancy. While I got somebody else in there. The tenant I had in there is great. And she's on her second year. I had a roof blow off last year. It cost 12,000 to replace that roof. Insurance covered 4500. The remainder came out of my pocket. I don't have any contingent fund. I don't have any money built into the rent. In order

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to make up \$7,000 coming out of my pocket. It didn't come out of my pocket. I took out a loan to pay for my portion of getting that roof replaced. All right? And no one is increasing my income. So you know, at a minimum, professionally -- let me back up for a moment. Professionally I worked for the federal government for Bonneville power. And then I had a three-year contract with the Oregon public utility commission as staff to the commissioners. With that experience, I am amazed at how, with all due respect, loose this process is. And I must admit I am -- I am used to processes where all the stakeholders, all the key players, are at the table at the same time. I know -- and that includes very adversarial process. I've given expert testimony in rate cases. So I understand that's a very, very hard to do. But you got to do it. And so in terms of recommendations that I have is, first, I think you got to table this proposal today. At a minimum, I think you need -- need to represent the difference between people like myself and large corporations in Hong Kong that may own 500 units.

**Wheeler:** I have to ask you to wrap up. Commissioner Fish has a question.

**Fish:** A comment and a question. I got a text from my wife. My son's after school program just cancel would because it's snowing and sleeting now. I am going to need to monitor this, the weather. But my question, just one question to you, sir. How many units do you own?

**Proctor:** One.

**Fish:** So that's helpful. Thank you.

**Wheeler:** Yes, sir. You are up.

**Gregory Berkholtz:** I am Gregory Berkholtz. I have been a resident of Portland my entire life. My wife and I and neighbors on the property were displaced by a landlord issuing no cause evictions. The landlord did nothing than replace a stove, a working stove and then flip the units by increasing the rent from 1175 to \$1700 a month. My wife was a recent graduate of psu's masters of public health program. And we are both, she was unemployed at the time. And we were both struggling with congenital medical issues so we were barely making ends meet at the time. Now suddenly this place we lived with family for six months before rallying enough family financial support to buy a foreclosure property needing significant repairs which was our best option for independent housing. My wife and I remain on ohp so that gives you an idea where our income is. As a tenant I understand the consequences of a sudden displacement. However, the rule needs to consider extenuating circumstances in situations where a neglected property has been inherited, sold or is otherwise undergoing a change in ownership of our current home aside, this year I suddenly found myself in an unwanted and toxic relationship with a sibling. We had just inherited our childhood home. The person judgment and unpaid taxes against my sibling is more than the value of the property itself. That renders the sale extremely complicated. Adding insult to injury my grandfather maintained rent so closely under market that we have only been able to cover property taxes and emergency repairs with absolutely no money available for urgently needed work which includes \$5,000 to replace a failing fence, \$8,000 for a 25-year furnace, 20,000 for an expiring roof and \$20,000 to repair and replace the decaying siding. That's over \$50,000 in necessary repairs that we don't have the money for. And we don't have a way to finance for it.

**Wheeler:** Thank you.

**Berkholtz:** I have got a solution here. The concern here is, this will take into consideration where, in the circumstances where no cause eviction is in the best interest of the landlord and the taint and the community, with this insight I would ask to allow for an exception where no cause is approved, where allow for an exception where a no cause notice is allowed pursuant to the sale of a property.

**Wheeler:** Thank you, sir. Thank you for your testimony.

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**Wheeler:** Good evening. Hi.

**Ed Nunez:** My name is Ed Nunez. I am a long-time resident in Portland. I have had a duplex for 12 years. I think it's a misconception that you own a rental and you become rich. It took seven or eight years and that's exactly sure to break even to the point where I was making money on this unit. With all the repairs and things that needed to be done. I also wanted to put a face on to what I am not a bad person. I am a landlord. This home, this rental is going to be my legacy hopefully to my kids. It's part of my retirement currently. Things are moving too fast. I feel they are doing it at the federal level and now I get the feeling here, too. There should be some more review, some more thinking about what's happening here. Going back to the main problem, I feel is there is not, there are not enough units out there. I live in the sellwood-moreland neighborhood. It's a very desirable area and right now we have, from 2014 to 2017 there have been proposed 1251 units to go into our neighborhood. That's a 21% increase in units. But the average, the price that they are going to be charging now for a studio, \$1200. Is that affordable? I think there should be a mandate put on that affordability is part of these new constructions. Last night at our meeting for smile we just found out there's another 68 units going in. In the area that's -- anyway.

**Wheeler:** Thank you.

**Fish:** The 90% of the new construction in the last three years is luxury. Therefore, relatively unaffordable. That's the market dynamic. We did pass an inclusionary housing requirement that will mandate a certain amount of affordable units. Because the effective date was pegged a number of months out and we had hearings and process close to 20,000 units are entitled ahead of the effective date. So the next three years of supply will not likely not be covered by inclusionary housing. The council agrees with you about mandating some percentage of affordable. Unfortunately, the way it's now structures, a lot of units are going to go forward not covered by that mandate. And the market is creating, the market as such that overwhelmingly people are buying and renting at the luxury level which is unaffordable for most people. How many units do you have?

**Nunez:** One duplex.

**Fish:** With home?

**Nunez:** Two units.

**Fish:** And this past year the average, what was, if you don't mind me asking what was the rent increase?

**Nunez:** We are going to do it. It will be \$100 each unit.

**Fish:** Percentage?

**Nunez:** Seven to 8% or something like that.

**Fish:** And this proposal has a 10% floor. So I wanted to thank you, sir.

**Brad Newby:** Brad, long time, well, always lived in Oregon. Lived in Portland. Have one duplex built. Windows are knocked out. I put it together 33 years ago. My thing is just, you know, I need, I'm retired now. It's part of my income. This thing could be tough on me. You guys are looking for options and stuff. I got a leaf tax. I have an arts tax which my son is in art so I will support that. On these things people have the units. It would be -- people with more pay more. Create a pool like an insurance pool. Stretch it over everybody. Airbnb included. Get it all inclusive. Come up with the fee schedule. Get yourself a pool. Bang. There it is. It's a done deal. Thank you.

**Wheeler:** Thank you, sir. Yes, sir.

**Radwan Akroush:** Hi. My name is Radwan Akroush. I go by whatever is easier. Thank you for having us. I wanted to especially thank commissioner Fritz. Last night at 12:30 a.m., about 12- 12:30 a.m., I sent an email. To my shock, she was still up and she responded. I wanted to thank you.

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**Fritz:** And you responded back which is even worse because I get paid to do that.

[laughter]

**Akroush:** I just wanted to point that out. You really do work hard for us. We appreciate that. I have been a landlord since 2005. And I have a regular job but I do real estate because it's something that I enjoy doing. And I don't like my current job so hopefully in 20, 30 years I am looking for retirement. Me and my brother who is sitting with me today, we are self-made landlords. We were renters. We worked 15 to 20 hours a day seven days a week from 1993 to get to where we're at. We are good people. It's not like what the media or the perception of the landlords is. We take care of our tenants. We don't increase the rent that much. We always, our goal is to keep tenants because it's expensive every time a tenant moves out. It's very, we don't want that. And we want to keep the good tenants. My problem with this proposal is, the \$4500, the relocation fee. I have had to use, to use the no cause eviction that saved me about maybe six or seven times. You know, it's -- I don't know if people are laughing here. You want to tell me why you are laughing?

**Wheeler:** Let's all be respectful of everybody's time.

**Akroush:** If it's something funny I would like to laugh.

\*\*\*\*\*: You said you gave away six of those but yet --

**Akroush:** But I'm going to continue my.

**Wheeler:** Do not respond in chamber. This is your time to speak.

**Akroush:** Maybe I took a breath when I stuttered a little bit. When I used them, I think, I don't know if you read but I know commissioner Fritz read my email. The first one was several years ago. I had a tenant, and one of the units. She's not supposed to have any animals. She had a boyfriend move in. Unauthorized, he brought in two dogs. And I sent them notices, \$50 just to scare them. Because I never enforce those. Every other day I got a call from other tenants. Hey, there's poop. I would go clean their dog waste. Every day, I have to go in for like four months because I have to issuing I think it was 60 days at the time. Notice. I had to keep going there myself. After work. Scooping it up. I saw her two or three times and the gentleman that was living with her. How am I going to prove that? I talked to attorneys. Oh, it's going to be really hard. It's going to be really expensive. So I used the no cause eviction. Other instances also there's like more than one occupant in the unit. You want -- ok. My latest one and I shared it with you guys. If you rented it. I had a tenant living with me for nine, 10 years. Really good people. Older couple. Every year, me and my brother, it's a duplex out in Gresham. We go, we clean the gutters. This pastime, we were there, he goes to the other lady at the other unit. I don't know if he's, he goes, what's this Arab terrorist doing? I heard it. And I didn't say nothing of it. After he left, ok, I don't know -- I didn't raise the rent or do anything. But at the same time, to their credit they always pay the rent two weeks ahead of time. Like if it's due on the 1st they send it on the 15th. Never no issues. I have had maybe --

**Wheeler:** Wrap it up, please. Thank you.

**Akroush:** Ok. But that, something like this now, I am kind of scared, you know. If I have to evict them, it's going to be expensive to go with a cause eviction. I am hoping you guys would look at the no cause fee. And my other point I will make it really quick. Investors are business people. They look at the bottom line. When they fork out \$4500 they will look it as a return. If they were thinking about raising the rent \$100 or \$200 it will be more.

**Wheeler:** Thank you. Appreciate it. Next up.

**Akroush:** I took roger so he's not going to come up.

**Wheeler:** Good. I am going to wrap it up slightly in terms of enforcement on the 90 so please really try hard to keep it succinct. Thank you.

**Guy Berliner:** My name is Guy Berliner, I will try to be quick and brief. I you to really strongly urge you against any kind of blanket exceptions for the so-called small ma and pa



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landlords. Because although there are good small ma and pa landlords there are also greedy ones. I happen to know because I got slapped with a 30% rent increase and I have to move. I also want to point out to you that the folks who are in the immediate crisis are the folks who the renters. When you are in an emergency situation that involves triage you help the folks in the immediate crisis. There's folks that may get hurt down the line you can deal with their problems down the line. Don't deal with prospective problems down the line into the future. Deal with the immediate crisis now thank you.

**Wheeler:** Thank you. Yes, sir.

**Pete Hybertsen:** All right. My name is Pete Hybertsen. I am a member of Portland tenants united. In January of 2015, my long time roommate and my friend Jessica died suddenly. If she were still with us today she would be looking forward to their 30th birthday right now. Last time I saw her face, was when a 911 operator was telling me to give cpr to a dead body. Less then three weeks later my landlord sent me a no cause eviction notice. Sorry. I haven't told this story in public before. Needless to say I was devastated. I was traumatized and any sympathy the landlord may have had didn't last long. When I asked if they fix up a room to make it to rent out, they wasted no time in kicking me out it happened a week later. Not only did I need to find a new place and leave my neighbors and friends and my community I had to come up with money for move-in costs and double rent for February. Thanks to my family and friends, I was able to make it but compared to a lot of other people may think I'm lucky. We need to require landlord to pay relocation fees. It can mean the difference for displaced and priced out tenant's survival and provide disincentives against landlords displacing our most vulnerable neighbors. It wasn't easy to decide to tell my story today but I felt I had to do that to demonstrate the callous behavior that a lack of tenant protections allows right now. I don't have much more to add but I am getting to a solution. As folks have said. Without meaningful cause for landlord to displacing people there's little to discourage them from casually and arbitrarily depriving our friends and neighbors of basic human need. Moving costs are only a portion of costs tenants need to bear. We face disruption in all aspects of our lives we leave holes in the neighborhoods we are forced out of. If landlords want to claim they are part of our community, they should be prepared to pay for cost was their decisions and be accountable for the harm displacement causes our city. I hope you will look back on today as a start of a new day for renting Portlanders and this will only happen if we build on this policy with rent stabilization, end no cause and a tenant's bill of rights. If we are going to call ourselves a sanctuary city we have to remember that sanctuary starts with a stable home for all of us.

**Wheeler:** Thank you.

**Justin Norten-Kitson:** My name is Justin Norten-Kitson I am a solidarity organizer for Portland jobs with justice here representing that organization. We are a coalition of 120 labor unions, faith, and student organizations. We are here to say today when tenants who already struggle to pay their rent, their bills and feed their families, for these tenant saving money in case you might be displaced is not only difficult but recall too often impossible. When tenants are replaced because of no cause evictions or adsorbent rent increases the responsibility for that traumatic displacement falls squarely on the shoulders of the landlords who make the conscious choice to pull the blanket of security out from under their renters. As such the responsibility to ensure that those tenants have the means to find and afford new housing and avoid houselessness also falls squarely on the shoulders of those landlords. This is true regardless whether the landlord is a big property management company or a mom and pop landlord that only owns one property. Thousands of people have been displaced in this city and are living on the streets in shelters, tents, in their cars. It's time that we enact real tenant protections to ensure no one



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else is displaced without the means to find new and stable housing. That is why Portland jobs with justice is here to urge you to vote yes and pass this ordinance today. The health, security and safety of our city and its tens upon tens of thousands of renters depend on it and we are counting on you to do the right thing.

**Wheeler:** Thank you. Thanks for your testimony.

**Wheeler:** Good afternoon.

**Hyung Nam:** Hi. My name is hyung Nam. I just, we just talked about this at my union. I am with Portland association of teachers in the social justice committee. We are really concerned about this. The impact of this. Not only on the students at the schools that we know where people, families are being evicted but just on a larger picture. Ongoing issue. But more than that I want to talk today about against this amendment. I am a mom and pop landlord. I have owned a duplex since 2002. And I can't believe people are complaining about this. I think this, the original ordinance is extremely generous. There's no reason landlords like me have to raise rents more than 10%. I mean, I really think it should be 3%. But anyway, then there's no reason to evict people for no cause. Landlords right now are taking advantage of it extremely tight rental market. Let's remember we have all the advantages. Every year when I do my taxes it comes out as a net loss because of depreciation, write offs for everything I do. I put in new windows. Roof. All of that. All that gets written off. None of those advantages are there for tenants. So already the system is so rigged for landlords and on top of that, landlords take advantage of all kinds of fees we know about. The system is so unfair. This is one thing to protect tenants. And you know, people are freezing and dying in the streets. We are all going to suffer and pay for that. Finally, it's really ridiculous for people to complain about these wall street landlords because we all contribute to that. If we don't have these kind of protections, these kind of things evicting people for no reason, flipping houses and so on, encourages wall street to invest and these out of state investors to invest to buy these properties. One of these properties I saw, they sold it within nine years of the Normandy property and made \$900,000. When we don't have these kind of protections it enables the, it contributes to the systemic acid bubble. It's going to crash and blow up and we will all suffer from it with the recession.

**Wheeler:** Thank you. Who's up next.

**Wheeler:** Good evening.

**Val Thorpe:** Thank you. My name is Val Thorpe. I live in Portland. I own three single family rental homes in Portland. I own a business. I work for that business. I pay taxes to the city of Portland. And I vote. I believe, and I support the need for affordable housing. We are a big city now. And our city has changed. We have big city problems to solve and big city benefits to gain. I believe in proper and adequate notice times and rent stabilization. I do not believe that this proposal will solve the affordability issue. I believe it will discourage businesses and individuals from investing in Portland. Portland needs business. I feel there's no business voice on this council. Without private investment in our city the burden falls upon the government. We must have a fair and equitable partnership. I provide affordable rental rates. I have never evicted a tenant. I haven't raised my rent. I give to join. I give to the food bank. I give to meals on wheels and I give to snow cap but I am not a social service agency I am running a business. My properties are an investment. I am diversifying and saving money for my retirement and that is why I own rentals in Portland. If this temporary proposal becomes a permanent measure, at a minimum I will increase my rents. At a maximum, I will divest from my properties in Portland and I will invest elsewhere. Three affordable rentals will be lost because I will sell my single family residence to owner occupant property buyers the city will lose revenue from me. And other like-minded investors. I am not an anomaly in a sea of good landlords.

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**Wheeler:** Thank you.

**Ilyse Ball:** Sorry. A little nervous. My name is Ilyse ball. Portland voter and taxpayer. I own two single family homes that I now rent. And I have something very prepared but I have listened to everybody. I have changed things around but I have listened and heard everything presented thus far. I agree that we are in a housing crisis and I don't think that anybody thinks any differently. I agree with what advocates and proponents of this proposal have said. I disagree that relocation fees in this proposal is the answer. You say that you are not demonizing landlord but you are. It is been stated by proponents of this ordinance that relocation fees won't help us when there's nowhere to go. This is not a cause and effect. So I am proposing very similar to what russ has proposed and Gary, but let's formulate a proposal that will help. There are a couple things I want to point out that are inconsistent. The relocation fees are very inconsistent. What about the landlord who rents a 1200 square foot studio for \$2500 a month and they are charged a lesser penalty than a landlord who rents a 700 square foot two-bedroom unit for \$900 a month? That doesn't seem right or consistent. In the end, if this is about the tenant, let's make it about the tenant. If we should be giving relocation fees or helping with it are below the median income that need help, this is not even address the fact you could be giving relocation fees that tenants that don't need it. They can be a multimillionaire renting something in the pearl. You cannot sell a unit to a primary home, a lender will not sell a home to a prime -- a primary home if there's a tenant inside. So you have to have that tenant leave. So you could theoretically be having landlord pay relocation fees to people that don't need it. I think we need to come together. This is a time to come together and all of us have made Portland more divisive. My clients have bought rentals are scared. It is not a good environment to be in.

**Wheeler:** Thank you. Good evening.

**Brian Dessinger:** My name is Brian Dessinger. I am a Portland voter and taxpayer. We believe a pause should be given to vote on this ordinance. The council should be locking to bifurcate the two main groups of our rental market. Smaller investors with few rentals and the larger investors with multimillion dollar plexes. Yes, a solution should be found. However, the answer is not to put another group of people at risk, in addition to creating more hardship for renters. This ordinance not only adversely affects landlords but will negatively affect tenants with unintended consequences. Landlords will be looking for only prime candidates as tenants. Renters with low, poor, damaged credit and income will be overlooked because they will not want to take the risk. Of that tenant. Landlords will be forced to raise their rents to cover high costs of moving a tenant. As far as the cause eviction versus a no cause or eviction we will be forced to do a no cause eviction where we were able to do a cause eviction. That will taint the tenant's record and will make it very difficult for further renting. I sympathize with the council, the landlords and the tenants with issues of affordable housing. I suggest we come together to the table with an open mind and work towards an agreement that we can all move forward as a community together and not divided. Rather than rushing into the same manner we are seeing in our current federal administration. Thank you.

**Wheeler:** Thank you for your testimony. Hand it to Karla there and she will make sure we all get it.

**Thomas Marshall:** My name is Thomas Marshall. And I am technically a landlord at least until next week. At which time my tenant will be moving out of the one property that I own. That was my home before we had to move a broad for a few years. We are now returning home. We gave notice to the tenant in November, with three and a half months' notice. More than required by the law. And we have a lot of sympathy for tenants. We have been renters pretty much our entire adult life. And while we lived broad we were also tenants

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while at the same time being landlords. We certainly understand. We understand the housing crunch that is going on. It is real and there needs to be solutions. We are not running a business. We simply rented out the home just to keep the family afloat. Plain and simple if this on the other hand is approved in unamended form will destroy my family financially. We do not have the money to pay this relocation fee. We had no chance to prepare for this at all. Had we known this back in November, we most likely would have made very different choices. And now I am not afforded that luxury. So I am now expected assuming this passes to come up with \$4200 that my family simply does not have. To pay for this.

**Fritz:** I have a question. When you rented it, the person who, whoever rented it knew you were going to be coming back?

**Marshall:** No. Because we did not know when we would be coming back. We have been gone for three years. This is our second tenant. This is simply not something that we were able to prepare that far in advance for. We couldn't tell people that we would be coming back in three years because we simply did not know.

**Fritz:** My amendment would not help you.

**Marshall:** Your proposed amendment to exclude small landlords would help, I believe, since this is the only property we rent.

**Fritz:** I am thinking of maybe a different amendment. So if your own primary, if you are returning to your own primary residence.

**Marshall:** It would not help in our case because it's too short of a time. We wouldn't have been able to say we are coming back in a year.

**Fritz:** I get that. I will see what I can do.

**Marshall:** Thank you. Even if we are excluded from this, I feel there are a lot of consequences that have not been fully considered and largely been gone over here today. I will try not to rehash them too much but I think you will see fewer units built. More people who like myself would simply sell the unit instead. I never would have rented under these terms three years ago if I had known this. We simply would have sold the home, moved on and never been able to move back to Portland, the city that we love and I have been here literally less than 24 hours now and I am very happy to be back.

**Wheeler:** Thank you. We appreciate. Thank you for your testimony. Good evening.

**Shaun Jillions:** Thank you, Mr. Mayor and members of the council for the record, Shaun Jillions with the law firm Decker Jillions we represent the Oregon association of realtors. I am a registered lobbyist with state of Oregon and the city of Portland as well. I think this evening unfortunately and throughout this afternoon, we have heard sort of broad brush strokes on both sides of bad stories on either side. Sort of name calling on both sides. And a lot of this I think unintended consequences of the legislation could have been worked out if we actually involved all the stakeholders on the front end. I know that's not always easy but I have been a lobbyist in this business dealing with housing issues for almost 15 years. I have always had a place at the table for us to discuss things at the state and local level. In fact, commissioner Fish, when you were talking about the inclusionary zoning program that's going to go forward with the city, it was commissioner Saltzman and myself who were going around the capitol building as former foes being allies in a package where we were lobbying in favor of the inclusionary zoning and the housing package that passed in 2016. It is disappointing we weren't invited more on the front end. I understand that there's some animosity between one landlord group and others. That doesn't reflect the entire landlord community in any stretch. Some of the things that you have heard about in this gentleman is the perfect example. The single familiar residential house now that's up for rental. You will see a significant diminishment if those being available. People will no longer take on the burden of renting those out and we will see that decline. That's a very

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important housing type for families here. Similar to your amendment, commissioner Fritz, I think that -- it's a good step in the right direction as far as the "sabbatical" leave but a number of homeowners leave the community not knowing when they will return. And they do hang on to their own home knowing some day they will come back. And when you apply this retroactively which is extremely problematic, but when you apply it retroactively you have people moving back to their own home who have to come up with \$4500 they never accounted for. That is really a big problem there. The last thing I would say, commissioner Fish, about the rule making process, we always are helpful and want to participate in rule making. The problem with rule making it's just flushing out the details of an existing ordinance. The rule making is not going to undo something that in its plain letter won't allow it. Even if you were able to delegate the authority to a bureau which I don't think you could, to override an ordinance, you really are going to have to come back and change the ordinance. If we identify things that are in there.

**Fish:** I appreciate that. Based on what I have been hearing during the testimony and conversations with my colleagues, I think what I am going to propose is that a stakeholder group be convened under the aegis of the housing bureau for the purpose of hearing from both landlords and tenants about future improvements to the legislation. I think we need to have that on an ongoing basis. If there are changes to be made, in the future, I want to mechanism for those to come back us to for consideration.

**Jillions:** That would be greatly appreciated.

**Fish:** I don't think the rule making per se is necessary. I am not interested in a hardship exception because I can't even think how to frame it. I would have rather have a stakeholder committee.

Thank you.

**Wheeler:** Yes, sir.

**Kelly Goss:** My name is Kelly Goss. I am a landlord. And I don't have a rent over 650 in sw Portland below the tram in the Corbett area. I haven't raised the rent since 1996 but one time for \$50 and I believe in affordable living. I believe in housing the homeless. I believe in all that stuff. But I think here the focus should be more on legislating greed as opposed to legislating being able to manage your property. Now, if you are raising your rents because you can, then, you shouldn't be raising them. If you have to have a commission or something maybe at the judicial thing when you hand in, you have to show a 72-hour cause or notice for termination or a no cause, maybe if you had to hand in your fixed mortgage statement, and your taxes and insurance and prove that to the court, then, they could make the determination whether you are being greedy or had to do it. I understand in the market now, raising the rents because you have to pay a lot of money for property. But what you are leaving a lot is no control on our property. See, with a no cause eviction notice a lot of times you can't prove cause. Someone is smoking in the facilities and it's on the lease you don't smoke. It's a fire hazard. Animals. Growing pot. Those kind of things, and you can't be intrusive as a landlord and look in windows and try to bust them. And prove it in court. So it's our only, only way to get rid of a tenant that really isn't living up to their lease without having to prove cause. And contrary to belief, because I heard something that I know is totally not factual, in fed an eviction notice, I have been going since '96 almost always the court takes the side of the tenant. Almost always. And I heard just the opposite. I know it not to be true.

**Wheeler:** Thank you, sir.

**Goss:** And another thing I would like to say is really.

**Wheeler:** Briefly.



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**Goss:** If we could somehow control this greed thing, right, and make people accountable, it would stop all these rising sale prices, all these rising rents. Because we are actually perpetuating that's what we don't want to do.

**Wheeler:** Let's think of ways to do that. But this ordinance probably doesn't do that. Thank you very much for your testimony. Next three, please.

**Wheeler:** Good evening go ahead.

**Billy Grippo:** Hi. Good evening. My name is Billy grippo. I am a principal broker at Windermere and I am a landlord. I love my tenants. And my tenants love me. Well, they like me a lot. [laughter] I have tenants. I am one of those landlords that purposely under rents to maintain my, I have tenants that have been there for 13 years. I typically lose them to home ownership, which I participated in. I am on my fourth one now. So the idea, I am so against this policy. Because, it won't even that affect me. But I am against it because it's just, it is a form of rent control. And I feel like it's going to hamper -- I got an email today from my manager already that there's already a property listed today. People are paying attention to this. It's a rental. So it's already going. So I think that we're taking a wrong approach. I think we need to harness what some of the other, harness the real estate industry. Landlords and owners are generous people. You can laugh. That's fine. Get a joke. Windermere has given \$3.25 million in the past 20 years here in Portland to a lot of the needs we are talking about. And it's on record. So -- and it's -- everybody knows that this situation we're in is, it's a terrible situation. We're not, everyone the in agreement. There's no us versus them. I think that there's some other -- is this my time?

**Wheeler:** Yes.

**Grippo:** Ok. Some minor items in terms of, I think we need to help, I will wrap it up. We need to increase supply. Incentives, not disincentives. I think that like one. Of my ideas, I know it's not going to increase tons but perhaps we could have a legal counsel that can draft a master partnership for two or three tenants that can afford to buy a place. There's plenty of \$300,000, \$400,000 homes that three or four tenants could group together. I would participate. I would be the first to sign up as a realtor to donate part of my fee. I think that you would enlist brokers, you can get credit unions, they would be able to participate. I guarantee you we are not the enemy.

**Wheeler:** Thank you.

**Grippo:** Thank you. Thank you for your consideration.

**Matt Williams:** My name is matt Williams and I own a company called byson properties. We manage single family homes primarily, but I'm here representing narpm which is the national association of residential property managers. Our Portland chapter consist of 45 professional members. We manage approximately 15,000 homes primarily single family. In the Portland metro area. I want to go over a few stats with you but first I want to be really clear. The professional organization I am speaking of is a group of professional, licensed property managers who go through training for landlord tenant fair housing, they implement best practices, adhere to a code of ethics their licensee's through the state of Oregon. The goal in general is to provide clean, safe and healthy environments for tenants. We are not slumlords out landlords aren't slumlords. We are committed owners who are committed to providing clean, healthy, safe environments. It's a privately held asset that those owners have chosen to provide to the community. So just to hit a couple stats here, lawyers title pulled up statistics that confirm some of the pieces that were put together here prior. They were 191,184 single family homes in Portland. There are 42,167 nonowner occupied. That is 22% of Portland. Single family homes are being provided as rental units. And 34,205 of those units have local landlords. In other words, the people that have elected you are also the landlords, 81% of those homes are represented by also people who are living in your districts. I think this is a significant opportunity for us to



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collectively work together in an unaggressive way. Much more inclusive than I have understood Ms. Eudaly has worked. My resolution and our professional organization has talked quite a bit about this. Is getting together a larger fund which allows all people to participate. One comment that was made earlier is the taxpayers just can't afford it. What makes anyone believe that the landlords can afford it?

**Wheeler:** Thank you.

**Williams:** The taxpayers in general are in a position of pooled funds to all contribute. If we all benefit and if it's a core value of Portland for us to provide this subsidy, that should be not only provided by us all but it also should be applied to those who need it. We have individuals to pay rent in excess of \$3,000 a month meaning they make over \$100,000 a year.

**Wheeler:** I have to cut you off.

**Williams:** Those people should not be given a subsidy.

**Eudaly:** I have a quick question. Of those 34,205 local landlords, do you have a sense of how many of them own single properties?

**Williams:** No. They are all single family homes that are non-owner occupied and reside here. So they have a local --

**Eudaly:** How many homes? I am trying to determine how many of them own one property.

**Williams:** I can tell that you I don't know that. I can tell you in a survey of the 15,000 homes that narpm members represent, approximately 82% of those own one or two houses.

**Eudaly:** Ok. Thank you.

**Steven Goldberg:** My name is Steve Goldberg. I am here as a member of mac g and of Portland tenants united. I am a retired attorney. I want to briefly address, if you pass this, we will sue you argument that we have been reading about in the newspaper. This ordinance does not prevent landlords from increasing rent. Oregon law specifically as you know preempts local governments from enacting rent control ordinances, although there are exceptions under that provision. But state law does nothing to prevent cities from mitigating the impact of rent increase on its most vulnerable citizens which is what the ordinance before you does. Several opinions of the court of appeals made clear that a local law is preempted only to the extent that it cannot operate concurrently with state law. But a local law will not be displaced when its purpose is only to strengthen or to impose greater requirements than does the state which again is what this ordinance does. This ordinance has been vetted by the city attorney's office. The landlord, one of the landlord associations threats of challenging this law in court is I believe the same kind of bullying behavior, which seems to be controlling national politics in these times. This ordinance is a reasoned and compassionate response to one aspect of the housing crisis, which challenges the racial and economic diversity of our city. I would hope your response to the landlords' threats will be, bring it on.

**Wheeler:** Thank you. [cheers and applause] remember.

**Wheeler:** I am going to ask for the following. We have now had quite a lot of testimony pro and con. Can you simply state if you are for or against it. And then if you have a new argument to bring forward, stick to the new argument. Because we are starting to hear a lot of the same arguments over and over again. Thank you. Good evening.

**Jessica Greenlee:** Hi. My name is Jessica Greenlee and I am a car free resident who rents in Portland with a roommate. I also happen to analyze housing data for a living. Portland obviously is experiencing a supply issue. We know that is the issue. I have run a building through the design review process. Trying to generate a moderate income property. And convincing investors to make less which is not an easy task. The review process added almost 50 cents per square foot to the rent in the process. There are a lot

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of other factors that I don't feel that the commission is necessarily taking into account. I reached out to commissioner Eudaly's office and I was basically told your opinion is not welcome. We know what you are going to say. And it's not an effective way of forming public policy. And that is my primary concern. I am not going to eat up too much time but I really feel like it does need to further evaluation, the language in this bill is very vague. It's going to be hard to administer. There's a lot of unforeseen consequences to this and it's going to further impede the supply in Portland. Because the council unfortunately making decisions this rapidly, makes it very unpredictable and it makes it very unattractive market to invest in.

**Wheeler:** Thank you. Good evening.

**Jill Martin:** I'm Jill Martin. Native Portlander. As are my parents. They have a house that they inherited along with a large mortgage. They are facing health issues, putting my mom in a \$5,000 a month assisted living center. They will need to give a 90-day notice to their tenant to be able to sell their home to cover their expenses. They are not flipping the house for a huge property. They are not getting a city tax break for new development. Which they should. They are trying to just keep up with their mortgage. Their property taxes which has increased 57.1% in the last 10 years and the water bills which has gone up 87.25% in the last 10 years. Yet they have always maintained their rent, never more than 2% a year increase and they are currently at \$1100 for a three-bedroom house. So it's just unfair to them to expect to absorb the cost of a \$4500 relocation fee. My question, after hearing all the testimony is, is the relocation fee paid to the tenant considered a taxable income to the tenant? How is that reported as an expense for the owners? Do we give the tenant a 1099 showed they received \$4500? That is not an expense necessarily for us. But a fee to them. So we're not getting service or product for that \$4500.

**Wheeler:** Thank you. New issue.

**Martin:** Just one last thing. Is it possible to amend it for the moving fees to be paid directly to the new landlord to avoid the possibility of tenants not using the fees for the intended purposes?

**Wheeler:** Thank you. Good evening.

**Ryan Stroud:** Good evening, mayor, commissioners. My name is Ryan Stroud. I am a military veteran. I am a renter. I am a single father of two children. In 2013, here locally the national policy consensus center awarded me a collaborative governor service award for my work in the field of public policy. I am here to advocate for more public process. Some may consider my testimony here advocating against my own interests. But I actually think that we just don't have enough information. I have looked deeply at the numbers, trying to understand, first and foremost the economic impact overall in terms of turnover. And it's my understanding that we don't have those numbers. I asked one of the gentlemen who presented in the first panel. He said he didn't have that number. Somebody from Portland tenants united told me they don't have that number. Apparently there were some interest in finding that figure that was knocked down in 2007. I don't know a lot about that story. I think you have put forth a very bold and in many ways courageous proposal. And in some ways I couldn't be more proud of you for that and on another, on the other hand, I think we just live in a very divisive time and we need to do everything possible to work towards solutions that are really tenable for all parties. And I would just like to see more public process. Thank you for your time.

**Wheeler:** Thank you, sir. Thank you all.

**Fritz:** I want to say I really appreciate it.

**Eudaly:** I have to take issue with the way you characterize my office because the fact is my policy director met with your group for two hours and invited you to further conversation. And you made it sound like. I don't need a response from you.

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**Wheeler:** Why don't we take a 10-minute break.

\*\*\*\*\*: I would like to talk to you personally.

**Wheeler:** Please. The two of you can discuss this. We will take a 10-minute break. This is a humanitarian break and I will talk to my colleagues. We discussed taking a break at 6:00 p.m. We are past that. And we will talk about what we want to do with the process going forward. Before we do that, can I ask the clerk, Karla, can you tell me how many people are still signed up to testify?

**Fritz:** How about a raising of hands of those who still want to testify?

**Moore-Love:** Probably better. I have 80 on the list.

**Wheeler:** Let's do a reality check. How many upstairs do we have? Five, six, seven. Is there anybody -- I can't see. Eight, nine, 10, 12, 13 -- 18, 19, 22 -- so 26.

\*\*\*\*\*: I have to work. You guys won't let me speak. Landlords --

**Wheeler:** No, no, no. We have 26. So why don't we take a 10-minute break and I will talk to my colleagues what we want to do with 26 left. Great. Thank you.

**At 6:04 p.m. council recessed.**

**At 6:17 p.m. council reconvened.**

**Wheeler:** We are reconvening. We have heard a lot of testimony. There's a lot of interest in wrapping this up this evening. So I would like to limit testimony to one minute. I know that is very hard. I can't say my name in less than a minute.

**Fish:** Mayor, may I make a comment?

**Wheeler:** Yes.

**Fish:** We have never made a decision based on 30 people for, 25 against. Let's sort of weigh it.

What we are looking for is concise arguments and new information. At this point we have heard from a lot of passionate voices that have given us information for us to consider. Really what's helpful now, what did we miss? What is not in the record that you would like to add? Other than saying I'm opposed to it or in favor of it. So please, in your one minute give us something that we don't, may not have heard including if you have a solution that's not on the table.

**Wheeler:** What the commissioner said. Who's up next?

**Fish:** Since we have already determined, we have 26, but we have 80 on your list why don't we, mayor, just go with you picking people who raise their hand. Otherwise we are going to be going through the list. [chorus of no's]

**Moore-Love:** As soon as I say your name say here.

**Wheeler:** If you could yell when your name is called so we know you are here. Try it again.

**Wheeler:** Good evening.

**Anna Arutyunova:** Hi. Am I close enough?

**Wheeler:** Yes.

**Anna Arutyunova:** Ok. So briefly, I fully appreciate the efforts of this amended. But I have a long time Portlander. Renter and now a new homeowner. I am asking you not to pass it in its current form.

**Fritz:** Give us your name, please.

**Arutyunova:** Anna Arutyunova. My partner and I face with difficult market reserved to buying a duplex with another couple. We inherited tenants whose lease rolls over month to month. We had intention to quickly evict anybody so we have given them a nine-month notice to prepare. However, if this measure passes we would have to pay \$4500, it is a three-bedroom to be able to move into our own home. Not on the is this a huge burden on a first-time owner, it is also coming without warning. We potentially would not have bought this duplex if we had known. This amendment in my opinion needs to include provisions for landlords and their immediate families that want to occupy their own units especially new

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buyers who have no control over the leases that they have inherited from the previous owner. Moving into one's own home should not be considered a no cause eviction this is not a novel exemption and it currently exist in Seattle. I'm not a lobby, I'm not a property owner, I am not a loophole. This isn't just an anecdote.

**Wheeler:** Could I ask one clarifying question. You currently live in one part of the duplex?

**Arutyunova:** Yes.

**Wheeler:** This is concerning the other part?

**Arutyunova:** The other. But we are two couples that purchased the property. So we had to, four of us occupy one unit.

**Wheeler:** Got it.

**Arutyunova:** Partly because we don't want to evict our tenants. We want to give them time and we understand it's a difficult move to make.

**Wheeler:** Thank you.

**Eudaly:** When did you give the notice?

**Arutyunova:** When we purchased it.

**Eudaly:** What date?

**Arutyunova:** October. Yes of course we will give them more formal notice. We had a conversation so they were aware. What was happening.

**Wheeler:** Good evening.

**Michael Schiewe:** My name is Michael Schiewe. I am a native Portlander. Born and raised here. My wife and I bought our first rental property when we were 23. We ended up selling to the city of Portland. But we have to keep Portland diverse. And there's a lot of great landlords and a lot of bad landlords and there's a lot of great tenants and a lot of, some bad tenants. And as a landlord you have to have the ability to deal with bad landlord -- bad tenants so you can keep the good tenants. I think this needs more, we have to look at this in a broader picture. I have a lot of tenants that are on fixed incomes. Their rents are what they should be or could be. How do I get them on to some subsidies? This is going to be an issue that's going to balloon here soon with people retiring, baby boomers come of age retiring. There are going to be a lot more people that don't have money to pay rent. They need to be on, be able to get on subsidies to compensate the landlords and compensate everybody. And also this big property that was here, people were here wanting to, they were all getting evicted by one landlord that bought the whole place. Maybe there should be a different look. Somebody buys a big property and evicts everybody that's different than a single landlord having to deal with the situation. Maybe there should be different way to look at that. And possibly we pass a bond measure for affordable housing. Why don't we look at buying that property? That would be a lot cheaper than building property.

**Wheeler:** Thank you, sir.

**BriarRose Schreiber:** My name is BriarRose Schreiber. I was born and raised in Portland. And I have been a renter here my entire life. I have actually faced houselessness here in Portland but the biggest challenge I faced here in Portland with housing is trying to rent housing and retain it as a transgender I'm also queer and often queer and transgender people are part of nontraditional families and households. Heterosexual couples might not have issues if they have one person who stays home but with a queer couple that looks very suspect to a property owners. So it can adversely affect us in ways that it might not with others. Transgender people spend time getting their ids updated. After I changed my name with all the credit bureaus I actually had credit reports reporting I had zero credit for six months. And the realities of the discrimination by property owners are hard to prove. The u.s. trans survey reported 30% of transgender individuals in the u.s. were experiencing houselessness in their lives. Locally I can tell you upwards of a dozen trans



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gender women have been housed under my roof this year. There's a Facebook group for people here in Portland that need emergency housing it has 121 members in it. We paid the rent. We played by the rules. And those rules are killing us. I ask today you support relocation assistance as a first step in preventing any more of my trans sisters being pushed into homelessness. And one last thing. I would ask that there might be an amendment added that could ensure that the rent that I pay, I am notified and I can make sure that that rent is spent on proper things and not drugs. [cheers and applause]

**Wheeler:** The next three. I need to remind folks. Please. No matter how popular or unpopular.

**Wheeler:** Good evening.

**Becky Straus:** Good evening. Thank you. My name is Becky Straus. I am a staff attorney at the Oregon law center. The Oregon law center provide civil legal services to low-income Oregonians. You have heard a lot today about the impacts and our clients are experiencing all those impacts of arbitrary no cause evictions and extreme rent increases. For those reasons because we are seeing this devastating impact to our clients it's our number one priority in Salem this session to pass a just cause eviction bill and lift the preemption on rent stabilization policies so jurisdictions like Portland can consider what's best for them in terms of rent stabilization scheme and mitigate the damage of extreme rent increases. I want to just take my time to bring a couple things into the discussion. I think overall what we are seeing is that issuing a no-cause notice and imposing an extreme rent increase on tenants, those are choices that landlords are making. They don't have to do those things and there are business options as alternatives. Those choices have consequences. So the policy decision before you is who bears the brunt of those consequences. And I think our clients would greatly benefit from some relief because of the damage that those choices are causing to them. I also wanted to just take a quick moment to try to clear up this confusion about what is or isn't on a tenant's record. When there's a no-cause or for cause eviction.

**Wheeler:** Do so quickly.

**Straus:** There's a difference between a termination notice and a fed or eviction filing. A termination notice is when a landlord issues a notice in Portland a no-cause notice is 90 days as you know. Most tenants will move out after they get that notice and nothing will happen from there. There will be absolute absolutely nothing on their tenant record whether it was no-cause or 72 hour or for cause. When they get that termination notice that's usually the end of the story. If a tenant stays after that time through the expiration of the notice the landlord can go to court to get a court order so the sheriff can remove them. That's their remedy if the tenant stays whether a tenant wins or loses in court, the type of notice that was issued is not on their rental record. Again, there's an instance where it doesn't matter what type of notice was issued. It will not reflect on their rental record.

**Wheeler:** Thank you for that clarification.

**Straus:** Do you have a second? I am over?

**Wheeler:** We need to move on.

**Straus:** Thank you.

**Wheeler:** That was good testimony. Thank you. Good evening.

**Maria Sworske:** I'm Maria Sworske. I am a mom and pop rental. Duplexes and triplexes. This is a high risk and high cost of doing this business. I think of myself as a housing provider. I am not in the business of making people homeless. It's never an easy decision to terminate a tenancy. Usually the problem has been going on too long often to the detriment of other residents I have lost because of problems that were hard to catch and enforce. So a no-cause termination has an important place. And it needs to stay. Tenants causing a problem, hard to catch them cat and mouse. I don't live there. It's an



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uncomfortable scenario to give them a for cause. It's a difficult situation. The other tenants don't want to go to court because they don't want to miss work and they don't want their neighbor retaliating. And meanwhile the tenant acts out and does further damage. I have examples. This whole thing feels like it's pitting landlords against tenants. I used to feel like I could talk and my tenants could talk to me and we could work it out and now I feel like it's us against them. I feel like I need to build a defense fund cause I feel like I may need to hire a lawyer fund I may have to raise rents to pay for a manager cause I feel like this is getting to be to much. It's getting to be too much. I am not going to be able to give peoples chances anymore. Because it's too risky. And my rents are like \$100 to \$500 below market. They are getting a great break and now my hands are being tied and I feel like I need to raise rents while I can to cover it when I can't.

**Wheeler:** Thank you. Appreciate it. Thank you. Good evening.

**Lucy Berger:** My name is Lucy berger. I am a renter and a volunteer for Portland tenants united I spend 50% of my income to rent a room in the basement of a house. This is where I was pushed to after I received a no-cause eviction. After being an ideal tenant I was forced from my home into the housing crisis. I was barely able to stay in Portland where my community is, where I run my small business, where my family and friends are, and where I call home. And I still feel the effects of that eviction today. Relocation is not the fix to the multiple problems we are facing in our housing crisis though it is a step in the right direction. It will ease the tremendous cost burden tenants face when evicted for no cause. It will deter landlords from treating their tenants like used furniture that you drop off at good will. It will give tenants breathing room when investors purchase properties and mass evict entire communities. Relocation assistance is an integral part of tenants' rights. To help the financial burden of displacement. But let us not forget that no-cause evictions are displacement. That no-cause evictions are destroying our communities, and the integrity of our city by forcing tenants to the streets at worse and with luck another unsecure housing situation at best. 50% of Portlanders are renters that is half of our population living in fear feeling insecure, vulnerable, depressed, stressed due to the lack of tenant protections.

**Wheeler:** Thank you.

**Berger:** I am almost done. As a volunteer for ptu I feel like I am talking to the victims of a war zone. If that sound dramatic, it's because you are not on the front lines. Today you need to make a choice. whether you are going to protect the citizens of Portland or the profit margin of landlords? We are relying on you as tenants, as citizens, as signers of your paycheck to protect us.

**Wheeler:** Ok. Thank you. I think we have got it.

**Berger:** To give us the thread of housing security that we need.

**Wheeler:** We got it. Thank you. Next, please.

**Christina Tatum:** My name is Christina Tatum. I am not even a landlord yet. I purchased a property, very close to my home with the intention of renting it until my father, who I take care of, in the event that he had, that I would not be able to take care of him, that I could move him into that home and then have hospice take care of him. And I haven't seen anyone address anything like this. To have to pay \$4500 for my father to move into his own home that he purchased -- I think we need to just look at this bill a little bit more and flush it out for the people who just have one property. And that's really important. Thank you.

**Wheeler:** Thank you. Good evening.

**Cheryl Januzzi:** Good evening. I'm Cheryl Januzzi. And I represent some apartment owners, first I'd really like to stress we need to be unified and not divisive on our regulation on whatever it is. I do have some ideas and they are outside of this proposed legislation, one is, you know, we do offer tax credits for homeowners with mortgage. If we did tax

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credit for rents are for anything that's over 30% of their total income, we could propose that that is something they can deduct off of their taxes. If we have good, reliable, reputable builders that you know and trust, can we put them on the fast track? Reduce some of these fees and really get our housing up and running, especially if it is, you know, mixed income use housing. If we could have some kind of community volunteer sign-up system where our communities offer 10% of units that are already out there, and we price them under market for folks that are on fixed incomes, but is there a way that we can deduct that off our property tax? I mean, if we are going to give, how can we make it work? For everybody? Can we investigate tiny houses? Is that something that we can have as homeless people, can we incorporate them, give them a skill, have them build a tiny house and how much they live in a home? Maybe new homeowners can have obtainable mortgages for tiny houses.

**Wheeler:** Very good.

**Januzzi:** Whatever we do decide, can we do it, put it on a pilot program? Give it a test before we blanket it?

**Wheeler:** Thank you. Appreciate it. Thank you for your testimony. Good evening.

**Kalliste Edeen:** My name is Kalliste Edeen and I am a property manager for about 43 different individual homeowners. I am a little nervous. And then I also have two boys who are grown adults and living in rental housing so I have seen both sides. I want to say, I really feel the heart in this room. And I appreciate that. And I really want to speak that this is about trying to come together and talk about it as a group and make something workable. So my, some of the ideas that we have come up with, some people I have talked with, again, creating, charging every landlord a one-time fee of \$2500 to \$3500 it would be placed in a general emergency fund. Then you would have a tenants unable to pay for moving cost, not people who can afford but people who can't afford moving. You would have them apply. And then we could track and have accountability to where that fund and how that moving cost is going towards. It could be on a sliding scale between one and three doors, four and six, eight to 12, however you want to do that. Additionally, you can use these funds to educate tenants and provide them with the skills to be great renters. It helps everyone. You say you want them to have good references and that would be a way to provide that for them. They could get a certificate or something like that. You could also take 1% from every move-out or move-in and make that go towards that general fund. So there's different ways that I think you can really spread this out so it's not a burden in such a more concentrated way that makes it hard for those folks.

**Wheeler:** Thank you. We appreciate it. Good ideas all.

**\*\*\*\*\*:** One thing I would like to add if I would have known this ahead of time I probably wouldn't have purchased that property.

**Wheeler:** Thank you.

**Wheeler:** Good evening.

**Larry Southhall:** My name is Larry Southhall. I am a small-time rental housing provider in Portland. I don't consider myself a landlord. And I take issue with the way this process is going. I think it's being characterized somewhat like an executive order. I think that there needs to be a lot more weighing of all factors in order to go through something like this. For one I would like to present some new evidence concerning the mathematics involved in your equation. You are assuming number one this three-month relocation fee, three months of rent assumes that the renter is paying a first month, last month, and a deposit, security deposit approximately three months' rent. So when the person is given a 90-day no cause notice and they approach the last month of their tenancy they don't pay the rent. Because they're currently in a first and last month contract. Right? So they don't pay the rent on the last month. They have that in hand when they are looking for a new place. At

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the end of the last month, they have the next month rent in hand because they normally pay the month rent near the first of the month. So they have two months' rent in hand when they move. Yes. Do the math. I think that you are simply rejecting this as an alternative because you didn't want it, it could be set up this way. The people when they move, after 90-day no-cause, have the potential for having two months' rent in hand when they inhabit the new apartment or new rental.

**Wheeler:** Thank you.

**Southhall:** You need to review that and see what you can do. Also you could explore the fact that the security deposit in Portland could be mandated to be returned on a walk through on their last day of occupancy. So now they have three months' rent in hand. What you are trying to do is give them five months' rent because you are taking three months out of the landlord's pocket.

**Wheeler:** Thank you, sir, for your testimony. Appreciate it. Good evening.

**Lisa Marocco:** Good evening. I am Lisa marocco. I'm a former Portland tenant, a new tenant in Hillsboro due to the unlawful eviction I experience earlier year, I'm going to stick to just the differentiating points that haven't been brought up yet. I wanted to mention online booking services and how these bookings are becoming a solution for tenants now. Where they are going on and looking for housing and part of my decision to take my job up here in Portland and move here with my family was based on affordable housing. I found on Airbnb. Unfortunately, what these online booking platforms do is they treat these mom and mop tenants as shareholders within their investment corporation. And they are bypassing a lot of laws. I experienced it firsthand like I said. I won't get into all the details but the fact they are able to do that; they are changing the game for tenants drastically by doing this landlords who evict tenants instantly without reason. They are encouraging landlords to bypass the law. I think tenants need a protection in place and this relocation assistance is really a great first step to do that.

**Wheeler:** Thank you. Good evening.

**Bill Conklin:** Hi. I'm bill Conklin. Thank you.

**Wheeler:** Thank you.

**Conklin:** I am Portland. I am a landlord. I am a guy that my tenants like me. I don't charge high rents. I am very fair and honest. I take people to the doctor. I let rent go. I have been to court. I no longer go. When I go to court because I was a nice guy, they get six and eight and 10 more weeks out of the deal. I now send a lawyer. I am not perfect. I can't choose 100% but I am the second chance guy. I am if you want to do it just say what you are going to do, I will give you a chance. But you know what? I listen to this process. And I'm embarrassed to be Portland. You come in without enough information. You don't have all the facts. You don't know the percentages of people that are affected. And you have already made up your mind. And I understand emergencies and I get all that. But it's like this is so embarrassing to be Portland. With this being presented to the public. And I am Portland. And I do care. Thank you.

**Wheeler:** Thank you, sir. Appreciate it. Thank you for your testimony.

**Wheeler:** Good evening.

**Mark Reed:** I'm mark reed. I am a property manager here in Portland. First I want to say I rely on my tenants for income. And I can't or won't deemphasize the impacts of any what's going on, on those tenants. So I am not going to get into who's right and who's wrong because it's a horrible situation. You asked for things that we had heard that might not be correct. Commissioner Fish, one of the things you asked about the no-cause versus for cause evictions, any court case ends up on someone's credit. If it's dismissed or not it ends up on their credit. Good landlords who follow the law will look at that and see it's dismissed and not take it into consideration. There are plenty of landlords who will see that

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and not understand what that process is. If they go through a for cause eviction even if a dismissal was issued there is some impact on that we see that with a lot of people who come in our office and say I talked to someone who won't take section 8. Whether or not the law is a law on what they can and can't discriminate against, you need to make sure that's not against someone going through that process. Commissioner Eudaly, one of the things you mentioned was 30 days out as opposed to 45 days as opposed to 14 days and going out for tenants, going out for 30 days of payments, one of the things you want to take into consideration is what happens to tenants who are a week, four days. It's up on February 9th. What did those landlords do? What do those tenants do? That are already in the process, less than 30 days? Ok.

**Eudaly:** We have.

**Reed:** Ok. It didn't state that going through. And then commissioner Fritz, one of the things some of the other people mentioned is the people that are homeowners, we manage a lot of homeowners who have a are no clue what they are coming back. They buy property with the intent of moving here and they can't put that timeline on it you have to be careful. I'd like you to think about homeowners I think someone moving into their home is a very different situation, but it shouldn't have a time limit.

**Wheeler:** Thank you. Good evening.

**Fritz:** I am going to amend my amendment.

**Lightning:** Yes, my name is lightning. I represent lightning super watch dog pdx. I am going to do a no vote on this ordinance. And I will explain my reasons. You want to run this along with the state of emergency. That's a few months out. My understanding, why not go for two years? If you are really believe in this. Another issue I have is that when you do a just cause eviction and those people pay the \$4500, it doesn't stop the landlord once they move out from raising that rent up. And I can assure you they will raise that rent up at that time to cover their losses on what this city is doing at this time. You will create a rent increase rapid rent increase, and also you have accepted Airbnb. So a lot of landlords will just go, hey, I am not going to get kicked around by the city on this. I'll just let Airbnb handle this on a day-to-day basis. I won't even worry about renting to people anymore. You will reduce your inventory. Again, commissioner Saltzman, on doing affordable housing bond, build, build, build. You raised over \$250 million. That's what I would like to see. Thank you.

**Wheeler:** Thank you. Good evening.

**Danny Zeghib:** Good evening. Hello. Mayor wheeler, nice to see you again. We met a couple weeks ago at the dr. martin Luther king celebration I was with Portland net. My name is Danny Zeghib and I've been living in Oregon for 13 years. After the first 38 years of my life I was a renter. I grew up with a single mom. My brother slept in the dining room. And by the time I was 18, I moved 20 times. In 2011, my landlord said he was going to sell the house. That's when I decided to take control of my living situation. I took everything I saved and I purchased a duplex in north Portland. Even though I didn't earn much money from my job as a captionist for students who are deaf and hard of hearing I combine would it with the income from the rental next door and I was able to get by and pay the mortgage. I purchased this property while playing by the rules. Now my government is trying to change the rules. Imagine government mandating that new seasons sell its milk and eggs for less than what they paid for it. Or government dictating to Nike the retail price for their shoes. That's what Eudaly's proposal does to housing providers. It's a de facto way to control rent and it changes the rules of the game midway through. We would never enforce private companies sell their products at a loss so why are we doing the same to housing providers? Just as it's not new season's responsibility to subsidize groceries for low income residents, it's not the job of private housing providers to lose money because some



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people can't afford it. That's government's job is to fill in where capitalism can't. Not to completely undermine capitalism itself. So instead of forcing new seasons to sell their groceries for less we have food stamps. That's what section 8 is also designed to do. But the wait list for section 8 is nine years long. Why are politicians trying to pawn off the job of government on to small group of private citizens who they themselves are trying to get by? If Eudaly truly carried about renters she would work to expand programs like section 8 or create other programs that are similar to it. Instead of trying to scape goat a small minority.

**Wheeler:** Please wrap up.

**Zeghibib:** And the one-unit exception that the amendment that's being proposed, that does nothing to help the tenants in those units. And it just illustrates Eudaly's commitment to getting approval of the wealthy home owners with adus rather than trying to help tenants.

**Fritz:** I don't understand what you said there. You own a duplex. You live in one-half and the other half is rented. Why would the one-unit exception not help?

**Zeghibib:** I have a second duplex I purchased this past year. And my tenants are paying under market rents. I didn't want to force them out. It's two families. We emailed a little bit so I am that person. I did not want to force them out. So their paying under market rents I was planning on gradually increasing their rents over time because I have a 2016 real estate price mortgage. And this proposal would make it difficult to do that. It would incentivize increasing the rent and paying the fee and having those people leave. Versus increasing it slowly for over time. But that wasn't what, that wasn't the main point. The main point is, we are treating housing providers differently than we treat any other business. And that doesn't make sense. And the one-unit exception doesn't make sense. Because if 50% of the units are owned by someone who owns one unit 50% of the renters will not get this housing subsidy. If you are going to, this whatever. This move-out fee. If you are going to apply a rule like this it needs to apply to all units, not just affect people like me who have three. So or four or five.

**Fritz:** Thank you.

**Eudaly:** I would like to add a clarifying point. The average annual increase in cost for Portland are three to 4%. The annual average rent increases for the last three years have been 7. So if you are saying that increasing the rent gradually to 10% doesn't allow you to increase the rent gradually, I am a little baffled by that.

**Zeghibib:** If someone is paying 60% of market, then, and let's say their rent is \$1,000, market is \$1400, then if you increase the rent, say, \$90 a year, that's \$100 a year, that's a lot easier for those people than if you were to increase it by, say, \$200 a year, even.

**Eudaly:** Right. And that's what we'd like to encourage.

**Zeghibib:** If the rent is \$400 under market, the proposal incentivizes me or other landlords who are privately subsidizing rents, mom and pop landlords are the majority of the ones who do this who charge under market, it incentivizes us to bite the bullet, take the fee, pay the fee, and then turn the unit over and bring it up to market.

**Eudaly:** Ok. That's a new theory. We have also heard that rents are coming down. You can only charge what the market allows.

**Zeghibib:** Right. And I am charging under market.

**Eudaly:** When you address the council I would appreciate it if you use our titles and not our informal last names.

**Zeghibib:** Yes, commissioner Eudaly.

**Wheeler:** Karla, would you please call the next three.

**Wheeler:** Good evening. Thank you for your patience. Please.

**David Naze:** I would like to start off by thanking you guys. A newer administration, you guys are doing a really good job especially with some of the issues you have with the -- anyway, those kind of things. I just --



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**Fritz:** Just tell us your name please.

**Naze:** one of the things I wanted to talk about. I am opposed to both of them. I absolutely believe that this will increase rents drastically across the board. When people, you know, when we can raise rents. Most likely we will raise rents high. I am David Naze. And I own a property management company 350 units. And about 70 of those are single family homes. And which they will be probably being sold off if things like this pass. Some of them will. I have had a concern expressed about that. As far as the no-cause notice goes, one of the things that has not been brought up yet is the fact that if you have a tenant in a unit, and, of course, like having 350 units you can't expect them every month. Nor will they allow you to do that. And one of the tenants on the lease agreement move out. And three or four tenants move in. And just happen to get mail at that unit. They are now tenants according to Multnomah county judges. Every one of them. They are now tenants. There's no rental agreement for these guys. I cannot kick them out. Now they are tenants. They are not unauthorized tenants. They are tenants. Ok? That is a fact of life. Now I cannot kick them out. The only way I had to do that was a no-cause notice. And I mean, people brought up, you really need to table this and think about it. Please. Table it and think about it.

**Wheeler:** Thank you.

**Eudaly:** In your lease, you set a number of people that can live in your unit.

**Naze:** They are listed on, yes, ma'am.

**Eudaly:** Then people can invite additional people to live in your unit.

**Naze:** They do. They just -- you cannot. No, no, they move out. The original person on the lease has moved out. And what we have, we call holdovers. Or squatters. And all we got to get is one letter. One letter. In your mailbox. You know, to that address, to that tenant, and they are considered, Multnomah county judges, will not evict them.

**Eudaly:** I got it.

**Naze:** Ok, ok.

**Wheeler:** That was helpful clarification. Good evening.

**Jeff Dood:** My name is Jeff dood. I have been a renter for years. I have been a landlord for even more years. I have been both at the same time. So I have seen both sides of the coin. I guess the one big, well, two main points. First of all, I think Normandy and all the horror stories like it are deplorable and I think they are completely the exception to the rule. Most landlords don't do things like that. I don't most landlords don't do things like that. But despite that, the big fact that seems to be being left out of all of these discussions on both sides actually is that like it or not, a rental property is someone's personal private property. And a tenant, like it or not, is renting somebody else's home for all practical purposes. Whether it's a building single family house or building with 20 units. Those are 20 homes in one building. It's still somebody's 20 homes. And that's their personal private property. I feel the regulations already in place are way skewed in the direction of tenant protection. I have been a renter I know what it feels like to feel like you are going to get kicked out. It's a privilege to rent somebody else's private property. It's not a right.

**Wheeler:** Thank you, sir. Good evening.

**Charlie Irish-Borrego:** Hi. My name is Charlie Irish-Borrego. And I am very involved in the community. In a lot of different ways, I supported a lot of nonprofits and folks that are struggling out there. And this housing crisis is very, very serious. I have heard some stories tonight that I hadn't heard before and it touches my heart. I have four tenants. All of them paying under market. If this passes, their rents will go up dramatically even if I have to pay the fee because I am a business man. And I do have to cover those costs. Over time. And I am not interested in hurting these people. One of my tenant he is a disabled veteran. He pays me \$600 a month for a three-bedroom, two-bath house with his dog. I have had him in there for a year and a half. I have lost a great deal of income but I have a

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social responsibility, and I feel very strongly about helping the American people in our community. But when you place regulations like this upon us, we will retaliate. And it's not a threat. If we have -- [laughter]

**Wheeler:** Quiet, please.

**Irish-Borrego:** We have to conduct our businesses and our properties because we don't own them as a charity. They're a business.

**Wheeler:** Thank you, sir. For your testimony. Thank you.

**Wheeler:** Good evening.

**Gus Jennings:** My name is Gus Jennings. I live at titan manor. I am a 76 years old. I am on social security I got a 90-day no-cause record to move out. I don't drive. I have two bedrooms. Do I move it on the bus? How do I get along? I don't even know if I can afford to buy rent anywhere else. And I'm deeply concerned. I may be on the street.

**Wheeler:** Thank you, sir.

**Fritz:** Has everybody in your building got a notice.

**Jennings:** Everybody.

**Fritz:** How many?

**Jennings:** 57 units.

**Fritz:** Yeah.

**Jennings:** Titan manor.

**Wheeler:** Thank you, sir.

**Jennings:** 70 units.

**Wheeler:** Good evening.

**Michaele Armstrong:** Good evening. My name is Michaele Armstrong. I purchased a quadplex in November before the election happened. And part of that was getting a pro forma from my real estate agent. The quadplex had deferred maintenance. And therefore based on the pro forma including improvements, I was looking at moving what would be actually an unpurchaseable quadplex because the finances wouldn't have worked out, into something that would have made a good business decision. Not that I am making tons of money. In fact, the scheduled annualized income comes in less than \$5,000. Now this comes along. I have three three-bedroom three bathroom units. In order to improve the units, I need them to be empty. I'm talking about floors, bathrooms, kitchens we're talking about black mold and a new roof. Had I known this in advance, I would never have purchased a quadplex. If this comes through and there's not some sort of an amendment or exception for me I will be relegated to be a slumlord because I will not be able to make the improvements in order to make the rents. So I will have to choose.

**Wheeler:** Thank you. Good evening.

**Anne Crook:** Hi. I'm Anne crook and I am another mom and pop landlord. I own three single family houses. And I purchased them with the intent of hopefully supplementing my retirement. I have a 10-year tenant that I have only raised the rent on three times. You have heard this story multiple times. And my obscene profits allow me to drive a 13-year-old car and still work a job. And this kind of relocation cost will probably, I have been on the fence as to when I am going to sell my rentals. But laws like this seriously make me think about getting out of the landlord business. And those houses will not be sold to another landlord. They will be sold to an owner occupant or developer. But then if it's a developer could may get 20 more units of apartments.

**Wheeler:** Thank you.

**Crook:** One more thing. I would like you to table this. I think you need more public input. Also I noticed there seems to be a lot of ignorance about ors 90 which is a state law that does provide a lot of protections for tenants. Not relocation costs but I have heard people

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mention all the fees they get charged and stuff. And I really encourage people to read that law.

**Wheeler:** Thank you. Thank you for your testimony.

**Wheeler:** Can we get a show of hands here? How many people want to testify? You, you, and you. Get ready to come up. One more person come up. Ma'am, you are in. Ok. Have a seat, please. Exactly. Thank you. Good evening.

**Sean Keller:** Good evening. My name is Sean Keller. I am speaking for you today in regards to the proposal of landlords assisting tenants in relocation costs. I want to present some numbers right now because I like math. I am a small business owner. I manage a moving company. So as of July 16, the median average for a two-bedroom apartment in our city is \$1600. Most if not all landlords require first and last month's rent as well as a security deposit equal to rent. The same cost of rent. Now, assuming there is no last month this puts us at \$3,200. Just for the guarantee of a new apartment on the medium average. It usually costs \$50 per person to apply. Even apply for a new apartment. If you have two people, a couple, that is \$100 right there for one application. People usually submit about 10. We are looking now at \$4,200. Just to relocate. That is what's being proposed for a two-bedroom household in this relocation assistance. \$4,200 for a no-cause eviction. I feel that must be stated repeatedly for the landlords worried if you don't do no-cause evictions, this does not affect you. If you do not put people in the position of 90 days to save up \$4,200 this does not affect you. Also with moving costs, all moving costs through moving companies are regulated by the state of Oregon through the omsa, the Oregon moving and storage association. All rates are fixed. For two movers and a truck it is \$130.95 in an hour with a two-hour minimum. An average three, two-bedroom apartment on a third story takes five to seven hours to move. You are looking at \$908.15 add that to \$4,200 You are look well above what is being asked now. Tenants still have a financial responsibility with this relocation assistance. All it's asking is landlords put in the same responsibility. The poor working class is most often taken all responsibility for stuff out of our control. It's time for the middle class to do the same. Thank you.

**Wheeler:** Good evening.

**Sammy:** Hi there. Good evening, commissioner. I am Sammy. I am a mathematician, a professor. I am a renter. So by day I assign exercises so I wanted to start by saying, regardless of what you consider a good landlord, it can still be, it can be the case that most of the landlords are good and still most tenants don't have a good landlord. I want you to think about that. That's a stats exercise. So I'm here to not to talk about you voting in favor of this ordinance because I think you will. I am here to talk about amendments, specifically these rumored amendments to carve out exemptions for small landlords that only own one, two, three, four units. Let me remind you the medium number of homes owned by a Portlander is zero. Most of us are renters. So I want to center this conversation on tenants. If this is about tenant protections let's talk about tenants. Ok? What about a tenant who happens to pay rent to a small time landlord? If there's a loophole they fall through it. Every tenant ought to be covered by this. We all have these moving expenses. So I want to jump to one or two other points. Regarding slowing down, I have heard a lot, we didn't get involved in this process. We want to slow it down. Bring all the stakeholders to the table. I want to remind people that the housing emergency was declared like almost a year and a half ago. And moreover there was a landlord tenant coalition. It was dissolved by dilorenzo, who is with the equitable housing packet. So this good faith argument, it all falls flat on our ears.

**Wheeler:** Thank you. Is that your final point?

**Sammy:** My final point is I brought here roughly 250 signed postcards, anyway, for you the commissioners to look at. These are tenants in support of the tenant bill of rights.

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**Wheeler:** Thank you. You can give those to the council clerk and she will make sure that's registered on the record. Good evening.

**Star Stauffer:** Good evening. Thank you, council, for hearing me. My name is Star Stauffer. I am a tenant. My first point that I think really needs to be made is, landlords are not housing providers. Excuse me. I provide my own housing by working my butt off. I pay my rent. I am making an investment in their property. If that isn't enough, for them to think that I deserve more than a no-cause eviction for whatever their lame reason might be, I am not worthy of going through the courts and finding cause against me? Why should I hear what they are having to say? We're human beings and not only that, this is not a new issue. And let me remind the landlords in this room that five people have died on these streets. In the last two months. And all five of them were people who at one point or another were evicted from their homes. When is the last time any of you visited a food bank? When is the last time any of you slept on a street? So before you so coldly dismiss us as capital, think about that baby and think about those other five people. And stop acting so heartless because without renters, you will end up on the street, too. Stop threatening us with rental increases.

**Wheeler:** Thank you. How many more? Raise hands? How many more? How many more? One, two three? Perfect. Come on up. We will need one more set I think after this. Come on up, sir. Thank you. Good evening.

**Michael Withey:** Mike Withey, so I think it's pretty apparent that we need some policy changes like this. This is just one of many policy changes that we are going to need if we are going to make any dent in the housing and homeless issue. What I have heard today is a lot of threats. I heard a lot of people saying they are going to start selling their homes. That they are going to disinvest in Portland. Because they might have to give some security to their tenants. I sort of heard the same thing when Donald trump was going to get elected. I guess Canada was going to get a big influx of Americans but that never happened. They stayed here. So I am not buying that. I am not buying that they're going to disinvest because Portland needs help right now. It's like Chloe said it's temporary. This is not something that's going to go on for years and years. I would hope that they would act better. That they would be more responsible. And be willing to help. And what other people have brought up which I don't need to but I will, is that there's been plenty of time to work, to come up with these creative ideas but they didn't. And now it's time to come up and step up to the plate.

**Wheeler:** Thank you, sir. Good evening.

**Robert West:** Yes. My name is Robert West. I am with film the police 911. And I am a renter but I am also against this bill. One, I think it was quickly wrote up. I don't think it was thought about. And it affects all landlords, and all tenants. And you can punish landlords and you can punish tenants. What stops the landlords from raising the rents and pushing affordable housing out of Portland?

**Wheeler:** Thank you, sir. Good evening.

**Grant Sawyer:** My name is grant sawyer. I am retired. I am a resident of the people's republic of southeast Portland and I live on grant street. I am a single request unit landlord. I urge you to exempt mom and pop landlords who own only one rental property. I have a very fair sound reason for this request. In 2014 I took a substantial portion of my lifetime retirement savings and built an adu compliant, excuse me, an ada compliant adu in my backyard. I built it in an award winning earth advantage platinum adu to ada standards for that hopefully avoid the day when my doctor wants to send me to a nursing home for an assistive living center. I can go to the one in my backyard. I will need to write a no-cause eviction without having to pay moving costs so I can move into my own adu ada-certified home. Talking about fairness I have always treated my renters as I would have been



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treated and in many years I have been a landlord both here and in the Washington state. So I think you should please, please be sure to exempt single unit landlords for very sound reasons such as I just listed. It would be an undue burden on me and in a medical emergency if I couldn't do that.

**Wheeler:** Thank you, sir. Thank you for your testimony. And we have just a couple more. I have one gentleman over here. Was there anybody else? Yes, sir. Good. We are down to the last two. Good evening. Last but not least.

**Derrick Aragon:** My name is Derrick Aragon. And I am a small real estate investor here in Portland. And I wanted to get some clarification. About what was said earlier, about the no-cause is also considered at the end of a lease term. So if I have a tenant and we agree on a lease of 12 months, and the time comes with that lease to end, and I want to end that lease, or come to the end of what we've agreed on in the lease, it sounded like that would not actually count.

**Eudaly:** I want to ask Jamey to speak to that. Because it's been one of the more confusing parts of this is understanding contract laws.

**Wheeler:** Could we --

**Eudaly:** Sorry. I thought he was done.

**Wheeler:** No.

**Aragon:** I guess I don't really understand that part. So it would be nice to understand that. And I guess before I get the clarification, if that's considered a no-cause eviction, then why do we have a lease in general? And I usually have my tenants under market as well. With this coming to my attention, it's forcing me to look at all of my units and see what, you know, does it make sense to increase or take the hit? Or do anything? It's really making me analyze the entire investment where before I would just, the tenants paid their rent, I would let them pay the rent. And they're under market. And not everybody can do that. But I would just let them do that. I would like to do an amendment if, of some sort for actually taking consideration that you are going into a contract of 12 months. And if you give them due time to tell them that you are ending the lease, I mean, that seems fair to me. And I do understand what's going on in Portland. I spend a lot of my time and energy.

**Fish:** We are going to have staff come up. Stick around so we may need to follow up with you. We have got --

**Wheeler:** last guy. You're up.

**Charles Johnson:** I don't very often say good evening commissioners. I'm Charles Bridge Crane Johnson. [laughter] I think that the key element has already been touched on. Most clearly by just a few testifiers ago Star Stauffer, people are dying. That is why everybody who says you are moving too hastily is out of whack. People are dying. It might slightly damage some landlords' financial picture, this thing. Except what do they do? They threatening you. They say hey, city council, I will pay the \$4,500 because that's how difficult my life is. [laughter] one guy said he's going to pay it four times. In his nice red and black plaid shirt. He's one of the guys who hasn't got ahead and said it's really hard being a landlord. It's difficult. I don't do anything I have a paid subcontractor property manager do all of that thanks. Thousands did you catch that thousands of people who are not landlords, they are subcontracting the landlord job. There was nonsense about how this is like an executive order. We can't really get into that. Mr. Fish, councilor Fish, however I am supposed to address you per Chloe's -- commissioner Chloe Eudaly's instruction.

**Fritz:** We are getting a bit silly here.

**Johnson:** The important thing is Mr. Fish, commissioner Fish has said that we can pass, has implied we can pass this tonight and create effective rulemaking in a broad-based, robust public process. And I urge you to do that. Tonight, there's four of you here. The biggest income landlord is temporarily out of his seat or maybe out of his seat for good. So



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vote tonight. Pass it. We are good, compassionate city. We can save the lives. We can tweak the things, through rules and regulation so those poor people who will give up \$18,000 in fees to get their fourplex vacated will be ok.

**Wheeler:** Thank you. Thank you for your testimony. [applause]

**Fritz:** Before we get to the discussion I want to put one other issue in that Justin wood of the home builder's association brought to my attention. He said that when sometimes when they buy a property that's got a lot of developable land and often existing house which they are eventually going to demolish and turn into a housing project that they will rent that house out, to somebody who knows that it's only going to be for a short time but is willing to take it. And so it provides a little bit more rental housing. At an affordable price. So I would hope that we would be try to think of some way for that particular example perhaps or maybe not. I wouldn't want to be home builders would not rent out that property if it means they have to then pay relocation expenses so I wanted to bring that additional point. I hadn't heard that in testimony out here today.

**Wheeler:** So here's what I would propose as far as the strategy ahead. We have three broad sets of amendments currently on the table. We have commissioner Fish's that started out as a general statement to consider a rule making process. We had commissioner Fritz's, which was a non-defined potential exemption for smaller landlords and we have commissioner Eudaly's collective amendments that clean up some of the questions around the relocation assistance provisions as well as the backward look into the existing 90 days required by current housing ordinance. If it's acceptable to my colleagues, I would suggest we just sort of work through those issues one at a time in that order, if that works, then commissioner Eudaly gets the last word. Commissioner Fish.

**Fish:** I would ask staff to come up. To all of you who have been with us for almost five and a half hours, thanks for sticking around. Democracy in action. We will try to bring this home to a soft landing. I had originally asked an amendment be drafted for some process to follow that was like rule making. After listening to testimony and think about this in the course of the afternoon what I want to instead propose is we direct the Portland housing bureau to establish an advisory body comprised of representatives from landlords, tenants and other interested parties to review any proposed changes to the law. That hopefully in the nature of improvements. But it would also address unintended consequences or other concerns people raised. And to report to council as needed. At least prior to October 7th, 2017. Do I have a second?

**Wheeler:** A second for discussion purposes.

**Fish:** And the idea here is to bring together interested parties who following tonight can discuss proposed changes and improvements in the law. Can address unintended consequences or other concerns. Have a formal process within the housing bureau bringing those to council's attention and if necessary, for council action. But at least a report would issue prior to October 7, 2017, which is the date on which this council will decide whether to extend the housing emergency. And since this ordinance is peg as a housing emergency, mayor, I'd want to have something more normal prior to that date if there are substantive changes recommended by the housing bureau to improve this ordinance as suggested by either tenants or landlords. That's my amendment.

**Wheeler:** Very good. Is there any discussion on that? I think it seems like a good idea.

**Fish:** I discussed it with Matthew Tschabold and he concurs. We will want to flush it out if it's accepted. But I think you get the gist of it.

**Wheeler:** Let me ask, given sort of the nebulous nature of the original amendment, can I suggest that you withdraw the original amendment and that this now has been moved and seconded? Very good. Karla, please call the roll.

**Fritz:** Aye.

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**Fish:** I thank my colleagues and I have made extensive notes tonight of suggestions people have made, concerns they placed on the record, ideas, and my intention is to create a process where we can thoroughly vet and evaluate those ideas. And if appropriate come back to council for further refinement. Aye.

**Saltzman:** Aye. **Eudaly:** Aye.

**Wheeler:** Aye. The amendment is adopted. So the next one up was commissioner Fritz. Hers pertained to smaller landlords. Commissioner Fritz.

**Fritz:** I have actually have two. But first need to get an answer from staff about does this apply when a 12-month lease is done.

**Duhamel:** That is correct.

**Fritz:** What's the rush now for that?

**Duhamel:** That a lot of tenants are on leases. They are all considered to be vulnerable tenants just like we have a 90-day notice period that applies to leases when they will be moving out. The same notion applies that it's considered a no-cause eviction at the end. Particularly when most leases right now are written. They're called periodic rental agreements where there's an understanding that it will roll over into a month to month in perpetuity until either party takes affirmative action to change that relationship.

**Fritz:** In that case obviously it turns into month to month as in the contract, if the contract says it doesn't have that in. Wouldn't that be changing the contract if we then say now you have to pay the relocation expense?

**Duhamel:** Not according to the city attorneys. But they would have to speak to that further.

**Fritz:** Ok.

**Duhamel:** We vetted this -- this issue about leases was probably the most discussion I had with our city attorneys over and over and over again. And what is written in the ordinance now was considered the most legal way which we could affect the most vulnerable tenants.

**Fritz:** Here's generally what I'm thinking, colleagues. This is an emergency measure. It's a temporary emergency measure by the virtue of its tied to the housing emergency. So essentially what I am hoping to do tonight is to do something to stop the emergency of massive displacements of people as we've seen in the Titan and the Normandy and others without doing harm to others in that emergency. So I am trying to think, are there ways to exempt, for instance, the situation of moving your own family member into your unit? That was what you heard, or the last one we explained of the adu that was specifically built with the purpose of going into it when it's needed. So those are some of the kinds ever examples that the exempting one, landlord can have only one unit would seem to address. At least for the short-term.

**Fish:** Are you making a motion to amendment to exempt one unit?

**Fritz:** I'm actually asking for discussion.

**Fish:** I'll second it for purposes of discussion. I want to offer a perspective. I understand the argument to create no exemptions. There's a principled argument and I've heard it. And it's powerful. I also want to say we have just spent six and a half hours in this room. Listening to people. And the people that are either investors or owners of the properties that are at issue in terms of headlines and big public concern, large multifamily units where people are at risk, chose not to attend this hearing. And yet dozens of mom and pop landlords came in and said, we have a unique circumstance and we would like it to be considered. Out of respect for the fact that people have taken time to share those stories, I am inclined to create a minor, very narrowly crafted exemption of one unit, and there's another reason why I think it's compelling. The gentleman who testified about the adu I think really struck a nerve. This council effectively waived many of the rules that we normally apply to housing to adus because we wanted to encourage people to create an

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adu with less red tape on their property, and specifically we were told that it would help over time people transition from their homes to the adus to have more affordable retirement. It would seem to me if we don't pay attention, if we are acting potentially inconsistent with that, I think that's a mistake. I don't see this as a big loophole and I understand that the virtue of having it apply to everybody equally. But I support the amendment to exempt one unit particularly because I think it will apply to the general, to anybody that has an adu situation.

**Wheeler:** Commissioner Fish, could I ask for one clarification? Trying to be helpful and very specific to the ordinance as it's drafted, under section b, there's a sentence about halfway through the paragraph, in subsection b, sentence b, paragraphs b. The requirements of this subsection do not apply to rental agreements for week to week tenancies. Could I suggest that we add or to a landlord who rents out or leases only one dwelling unit in the city of Portland?

**Fish:** Well it's commissioner Fritz of amendment but that would be correct.

**Fritz:** Yes.

**Wheeler:** Very good.

**Fish:** I would second that.

**Wheeler:** Further clarification, the rule making amendment which you have put forward obviously, you have drawn a line at one unit here, which personally I do think is appropriate based on the testimony. There are some other folks who came up and said I own two or three. I would assume over the period of 10 months that this ordinance is in effect will also be looking at the implications for those landlords.

**Fish:** Yes, mayor. I would also add since you have indicated an intention to create a landlord tenant section within the housing bureau.

**Wheeler:** Correct.

**Fish:** I view the advisory body we establish as an interim body until a landlord tenant section is created in the housing bureau and they create their own ongoing advisory. But since we do not have one that currently exists, we are creating one.

**Wheeler:** That would be my understanding as well, commissioner. Further discussion on the first Fritz amendment I will call it?

**Eudaly:** That is to exempt one unit regardless of whether it's an adu or a single family. I want to thank everyone for coming here to testify today, tenants and landlords. Believe it or not some of my best friends are landlords. And it is certainly not our intention to create undue hardship to landlords. However, because this is an emergency ordinance and because we don't know how many units would be excluded and what the impact would be, I don't support it. Respectfully, but everyone needs to vote their conscience.

**Wheeler:** Absolutely. Further conversation on this? Karla, can you please call the roll on this particular amendment, which exempts landlords who rent out or leases out only one dwelling unit in the city of Portland. Is that a correct interpretation?

**Fritz:** Yes.

**Wheeler:** Very good. Call the roll.

**Fritz:** Aye. **Fish:** Aye. **Saltzman:** Aye. **Eudaly:** No.

**Wheeler:** Aye. The amendment is adopted.

**Fritz:** Then I had a second part of that mayor addressing the issue of the, we have already gotten here for an owner who temporarily rents out the owner's principal residence during the owner's absence. I had suggested we would have that for a set period of time. Even though we have got the one-unit exemption, I think we still should need to have that, exemption also if the owner happens to be renting out other properties. But then wants to move back into their own home. Then they wouldn't be covered by the one-unit exemption we just passed. If a landlord, if somebody may have, say, a duplex somewhere. That they

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have been using for rental property. And that they continued to do that they themselves lived in a single family home. They went, maybe in the military they went overseas and they want to come back to their own home. And I think that that should also, I think people should be allowed to come back to their own home without consequence.

**Eudaly:** Are we are discussing this?

**Wheeler:** Yes. Yeah.

**Fritz:** What I was going to say -- could you please let us have a turn thank you. My previous amendment had to be for a set period of time. As I was thinking about it in particular with the military example, that sometimes people don't know how long they are going to be deployed overseas. I think actually the better amendment would be just to strike the, of not more than one year.

**Wheeler:** Could you clarify where that is-- oh, I see. Under the same section?

**Fritz:** An owner who temporarily rents out their principal residence during the owner's absence in a period without exempting for not more than one year or a set period of time.

**Fish:** Let's go to staff on this. I know it's late but so I am not interested in creating an exception where a landlord can sort of have a pretext put a family member in a unit for a few months and then get the exception and then put it out. However, and I actually have personal experience with that. However, I am concerned about the person doing a tour of duty in the military and coming home. I am concerned with some of the narrowly tailored things. Those to me I think are, and Eric Zimmerman was going to testify about that, a veteran. He was not able to stay. That is a different situation. I think it's, it might be possible to craft a very clear exception to that. But if it's just a landlord want to put a family member in, I fear we are creating a loophole.

**Fritz:** That's not what I'm proposing. It is the, and presumably you are away in the military, now you can have vote absentee, you must have a place that's your principle residence to know which house district you would be in. I don't know how that works but it would seem like you have a principal residence here even if you are serving overseas.

**Fish:** What do you think of that? As a concept.

**Duhamel:** Well, we specifically put it in there because we understand there are sabbatical situations, there's extended vacations, military deployment. I don't think the one-year time frame is a hiccup. We could certainly extend that to three years. I do worry about taking the time frame completely off the table because then you have a situation where a family who has been in there for five years or, absolutely no intention of them to move and the return is unexpected. So you know, the whole purpose of the sabbatical relationship is that there's a very clear period of time with which the tenant knows that they're going to be in that home and can make their own plan about what will happen after. If it's a nebulous time frame, it's the same situation they would be in any other home.

**Fish:** Then it's open to interpretation and there's other things. I think I understand why you said on a year before. Commissioner Fritz, based on the testimony we've heard is the suggestion of a three-year ceiling for now something we can revisit in the future, a good compromise?

**Fritz:** It's hard to know. Because I don't really know how long military terms of duty are. I know sometimes people reup and they're gone for longer.

**Fish:** Can I make a suggestion?

**Fritz:** Yeah.

**Fish:** I am persuaded a fixed term is better in terms of interpretation. But I would say that the process we've established with the housing bureau could very specifically address that if we learn, in hearing from the military services, from veteran's organizations and others that there is a compelling issue here, we could come back to council with a refinement.

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**Fritz:** If we went forward with the original language that I proposed, there forever a set period of time that could be defined in the rule making?

**Fish:** Well -- I'm torn here. Colleague, what do you think? We're all in the same spirit here.

**Eudaly:** I think so. I would like to point out it is a temporary emergency ordinance. We will be reconsidering it in October. So that is only nine months away. And neither of these scenarios would transpire within, well, I guess -- oh, boy.

**Fritz:** We could have testimony from the fellow who's been away. Wants to move back to his house. And it would, he would have to find \$4500 by next week.

**Eudaly:** No, he wouldn't have to find that by next week because we are amending the ordinance to specifically give people in those situations a grace period so they're not automatically out of compliance. That was part of my amendment.

**Fritz:** But --

**Wheeler:** Folks, please. Please. We are not in -- we are not taking public testimony. Thank you.

**Eudaly:** So there's that and then there's the fact that a family wanting to move back into their home or move a family member into their home is considered just cause on a landlord side. And in other cities that have stronger tenant protections than we do, that would actually trigger relocation assistance. I am not arguing that we absolutely have to do it that way. I'm just pointing out how other cities do it. And that these are not circumstances that no one has ever faced or made policy around before.

**Fritz:** That's great. Because you are the expert on this on our council. So just cause in Oregon includes putting a family member in?

**Eudaly:** We don't have just cause. You don't need to give -- you could want to move your chickens into your house and you could evict --

**Duhamel:** No cause covers all of those.

**Wheeler:** Can I suggest a compromise cause I think we are adhering to the spirit of the conversation we're just trying to figure out the specifics. Could we pick a time period and then have this be one of the issues that the work group comes back to the city council on either at or prior to October 7th, 2017? Because then we will have better information about what the right time period is.

**Eudaly:** I think commissioner Fish suggested three years.

**Fish:** I would prefer a fixed time because I think it's easier to administer. And I think we are operating somewhat in the dark here in terms of its, how it would apply. But I think we could err on the side of latitude for families moving back home or a veteran coming back to his or her home. I would suggest a compromise of three years if that's acceptable to sponsor.

**Fritz:** Let's do that.

**Wheeler:** That compromise then we will assume is worked into the amendment. As already seconded. So we don't have to amend the amendment. Is there further discussion on this particular amendment? Karla, can you please call the roll.

**Fritz:** Aye. **Fish:** Aye. **Saltzman:** Aye. **Eudaly:** Aye.

**Wheeler:** Aye. The amendment is adopted. And commissioner Fritz, did you have one more?

**Fritz:** No, thank you.

**Wheeler:** That was it. Commissioner Eudaly?

**Fritz:** The only one that I was thinking of I'm sorry is the hardship. The landlord being foreclosed on, family emergency or other hardship.

**Wheeler:** I'm sorry. Before we do that I have to do a little cleanup work here. I forgot an important point. This ordinance is drafted in mirror. There's leases and there are, there's -- the no-cause eviction. So we have to make sure the front and the back page are



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consistent. So on the first one, we adopted the landlord releases only one dwelling unit in the city of Portland. That language has to obviously be mirrored in subsection c. Similarly, what we have just adopted is commissioner Fritz's amendment also has to be mirrored in subsection c.

\*\*\*\*\*: Is that section for rent increases too?

**Fritz:** Please don't interrupt.

**Wheeler:** It's necessary in order to hold the ordinance together that they be mirror images of each other. Could I ask you first to call the roll, Karla, unless there's further discussion on the exception for the landlord who rents out or leases only one dwelling unit in the city of Portland. Any further discussion on that?

**Moore-Love:** This is the one moved by commissioner Fritz and seconded by commissioner Fish?

**Wheeler:** Correct.

**Fritz:** Aye. **Fish:** Aye. **Saltzman:** Aye.

**Eudaly:** Reluctantly aye.

**Wheeler:** Aye. Ok. That is fixed. Now we need to fix the other subsection and see which gets to the amendment we just passed with regard to returning and the time period certain was added. Can you call the roll?

**Fritz:** Aye. **Fish:** Aye. **Saltzman:** Aye. **Eudaly:** Aye.

**Wheeler:** Aye. All right. Commissioner Eudaly, I apologize.

**Fritz:** Do we need a hardship exception?

**Fish:** I'm not moving one and I don't have any way to craft it at this point. And I think if out of the phb process there is some hardship raised by a tenant or landlord or some third party we could consider it but I have no side boards to have that discussion tonight.

**Fritz:** That's fine. Thank you.

**Wheeler:** Thank you, commissioner. Commission Eudaly.

**Eudaly:** We have a couple of amendments here. One is changing the period in which landlords will provide relocation funds from 75 days to 45 days prior to the termination date. And then --

**Fish:** Can we vote on each of those separately mayor?

**Eudaly:** I thought they were a package.

**Wheeler:** They were introduced as one package. But -- I would like to move them as a package unless there's any objection. There's the 45-day. The next part was?

**Eudaly:** The next part is allowing a landlord who has already issued a 90-day notice of no-cause eviction or rent increase 10% or higher to rescind that notice within 30 days of the effective date of these provisions and that's just so that no landlord will be automatically out of compliance with this emergency ordinance.

**Duhamel:** They can rescind; they can reduce the amount or they can pay relocation within 30 days.

**Wheeler:** Is there more commissioner Eudaly?

**Eudaly:** Yeah, I hit all the points. It's a lengthy passage.

**Wheeler:** Understood. Are we good on that? Ok. So we will call those collective items, commissioner Eudaly's amendment. Is there any further discussion? Please call the roll.

**Fritz:** Aye. **Fish:** Aye. **Saltzman:** Aye. **Eudaly:** Aye.

**Wheeler:** Aye. So the amendment passes. Now we are to the main motion as amended.

**Fish:** Karla, I just want to tell you just to put it in context last night in front of a thousand people I referred to a presiding officer as mayor hales. And so I won't even tell, I won't even tell you how he retaliated.

**Wheeler:** It was funny justice. Very good. Hey. Thank you. So is there any further discussion on the main motion before we take the roll? Karla, please call the roll.

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**Fritz:** Thank you, everybody, who stayed this long and provided really good testimony including the hundreds of people who have sent us emails, hundreds more have called all of our offices or at least they've called mine. And thank you, commissioner Eudaly for bringing this forward as soon as you can possibly get it done after you have been elected. Thank you, mayor haes -- [laughter] mayor wheeler.

**Fish:** He was going to rearrange the bureaus and there you go.

**Fritz:** Mayor wheeler has really done a good job partnering on this. Kudos to everybody who has worked on very hard. I think the main thing that I am thinking of this is a temporary measure. It's for eight months. And it's something which we saw with our first testifiers from the Normandy is desperately needed. And so I have at this hearing decided I can enthusiastically support it for that reason. I do have concerns. Many of which were raised in writing. And I do believe we are going to have to get-together in a more collaborative process in addition to the process that commissioner Fish has set up. I did hear some willingness to come to the table and to have a bigger picture discussion. And I think that needs to happen before these same conversations or even while they do happen at the legislature. Because this is not, it's not singular to Portland and I think it is important Portland is taking this step so the legislature has something to go on and also have some urgency to get something done this session. I do think there may be some unintended consequences and we will have time in eight months to see that. I am very glad to hear that the three-months' notice we put in place last year for giving notice of a rent increase has been helpful. At the time, I came to realize that not doing it as an emergency ordinance was a big mistake because we had lots of rent increases right before it went into effect and that's why I am agree that if it happens it should be an emergency measure and that requires all of us to vote for it. Ernie bonner was on the planning commissioner. He was the planning director here in Portland. In some of its most formative stages like forming, pioneer courthouse square. He was formerly the planning director in Cleveland, Ohio. They adopted a principle where they would always make choices in ways that gave more choices to give to people who had fewer choices. In other words, they'd make decisions looking at who is the least able to make these choices and how we are going to give them an extra special amount of care. And although I do, I think we have fixed some of it, most urgent issues with the one-unit exemption, there are other ones. I know that small investments, really good people, have one, three or four investments. We hear from the lady in north Portland with the two duplexes. There may need to be refinements of this. But for tonight, for today, we need to do something for the people who have no other choices. And that's why I vote aye. [cheers and applause]

**Fish:** I want to begin by thanking Jamie Dunphy on my team and Jamie is with his daughter penny who is getting her first big taste of democracy in action. Penny, I hope we haven't bored you too much with all the technical stuff, but thank you for joining us. And, two, I want to begin by thanking commissioner Eudaly and mayor wheeler for bringing this forward and for structuring what I think has been a very good discussion and debate. And I want to say something about our newest commissioner because I think it has gotten perhaps lost in some of the coverage of this event. When she ran for office she ran on a singular issue. And when she was elected and sworn in, and she determined that there were some legal roadblocks to doing what she wanted to do. And so she did something which is all too rare in politics is she tacked pragmatically to something she felt she could do as a down payment towards some things she wants to do down the road. And whether you agree or disagree with this policy, I would just say that that style of leadership is something which I think will serve her well and this body well. And I thank her for seeking a compromise that is less than she sought but is according to our lawyers legally defensible. And there is a difference between running for office and being an advocate, and then

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taking the oath and serving here. And one of the differences is, when your lawyers tell you that there are hurdles that you can't get over, and you are serious about the issue, then you make adjustments. Because if you are so serious about the issue, you actually want to see progress and you don't want to be stalled in the course. And so I thank you for working towards this compromise. And tonight I am going to support that compromise. A couple things about this. We are going through extreme growing pains in this city. And that's why the two top issues on our agenda this year are going to be new resources to meet the crisis of affordable housing, and stronger renter protections. And that's reflected in our legislative agenda. It will be reflected in what we do and say down in Salem and it's reflected in what we are going to do tonight which is a down payment. This is not going to solve the problem and it's not a perfect solution. But no one has said that's the case. They have what we have instead is something which is legally defensible, which will provide immediate relief, to people who are rent burdened. And at the beginning of this hearing, Matthew and others put forth statistics which are very sobering. And frankly we are living in a city now where people are making choices between paying their rent and putting food on the table. And that's not worthy of a city like this. And we need to take action. I want to thank everyone for joining us tonight. And to sharing their concerns. I have heard those concerns and taken extensive notes. And while those of you who came opposed to what we are going to do are not going to be satisfied by the following words, let me just say that I take very seriously our responsibility starting tomorrow to engage people that have concerns about this, both renters and landlords and the housing bureau is directed to bring forward changes as necessary to improve this legislation. So this does not mark the end of that process. It is the beginning. And I expect that when the housing emergency in October is up for renewal that we will have a more robust discussion, mayor, about potential changes to this to strengthen it and make sure we have address any unintended consequences. On that note again I want to thank my colleagues and the public for a fascinating day and discussion and I am proud to vote aye. [cheers and applause]

**Saltzman:** We have heard today and tonight vulnerable Portlanders on fixed incomes as well as kids, working families with kids are really being forced out of their homes. And what disturbs me perhaps the most of all is that kids have to move to different schools and it's well known that any time a child has to move in school, that costs them about a year of learning. That is a price that is too steep to pay. In the last few years the city council has acted dramatically to increase the resources to create more affordable housing in our city. But that is a longer term solution. And that's not the question before us today. While I'm confident over time we are going to create more affordable housing under inclusionary housing that just took effect yesterday under the housing bond that passed last November, under the dramatic increase in urban renewal resources we have devoted to creating more affordable housing, I am confident in the long-term we will make up that deficit, but it is a big deficit. And it does not help the families and children who find, are faced in the imminent threats of homelessness. I did not believe this policy is perfect. But I do believe it is necessary. And I appreciate commissioner Eudaly and mayor wheeler for their leadership on this issue. I take the feedback and candor of those who believe this is the wrong solution seriously. And I appreciate the robust discussion we had at today's hearing regarding those concerns. I believe the next eight months during the next eight months this policy in operation will be critical in gauging whether this policy is working and how it may need to be ingested and whether it's having unintended consequences that we should be concerned about. But the crisis renters are facing is real and immediate and this ordinance provides us the ability to address this crisis now. Aye.

**Wheeler:** I would like to extend the courtesy to commissioner Eudaly to vote last. I would like to thank commissioner Eudaly on her team for their tremendous work on this. They

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have identified what the number one issue we have heard about the last 19 months, since I first indicated an interest in running for mayor of this amazing city. People are at risk of being priced out and moved out as we heard tonight. That creates displacement of young people in their educational process. It uproots community institutions. It makes it very difficult for people to continue to thrive in a neighborhood. All of these things are significant detriments to the development and growth of this community. And while we could have heard from other voices tonight, I know there are voices out there who had also expressed real concern that too many people are being displaced in this community, particularly lower-income people of color who have for too long borne the brunt of displacement in this community. I also want to thank the landlords who came tonight. I agree with the landlord who sat here and said that we should not demonize landlords. I agree with that fundamentally for the reason I have met with a lot of landlords who helped me shape my own views and my own perspective on this ordinance tonight. And I know, we heard from a number of what I would describe as very benevolent landlords tonight. I want to acknowledge that reality. I also want to acknowledge some of the concerns that they expressed around the supply of housing for work force, the supply of housing for very low-income people in our community, that is a great concern to this city council. That, of course, is what resolution 106 is about which we pulled in favor of not talking about it but actually getting to work on it through mayoral directive. That's already in the pipeline. There is a carrot here and there is an obligation on our part as an institution to look at our own policies and practices to see how we can get more work force and lower income housing online. I want to acknowledge the great work that my colleagues who have been here for a while have already been doing on that front. We also need enhanced renter protections. That has been very clear to me. And I want to echo the language of some of my colleagues that this does not provide complete confidence to anyone in this community. It is an imperfect solution as commissioner Saltzman just said. But it is a huge step forward in terms of renter protections as they exist in the community today. And like my colleagues, I am looking forward to hearing further discussions and conversations about the consequences of this and how we can improve it and shape it for the long-term. We could have that conversation. So I look forward to that. I want to thank my own team, Kristen Dennis in particular, who has been putting in a lot of time on this. I want to thank the city staffs at the office of management and finance, the budget office, the legal office. They have all been putting in a lot of long hours to help get this through today. Last but not least I want to thank my colleagues. Thank you. Of course, to everybody who stuck it out tonight for hours and hours to hear testimony. So I am very happy tonight to vote aye.

**Eudaly:** I want to thank everyone for coming and give your testimony. I want to assure you that I and my office have listened to all concerns expressed. Although we did receive overwhelming support for this ordinance, the most frequent concern we heard from landlords was the single unit owner, the truly small, the smallest of the small-time operators. Although I am concerned with the number of tenants who will be excluded from this protection, I'm glad that we were able to come to a compromise on that. We do not want to create extraordinary burden for landlords. I know that landlords are not generally millionaires. And that many homeowners are cost burdened themselves and that's certainly an issue that we will be looking at as we move forward. But the fact is, when it comes to housing, the people who are experiencing the most extraordinary burden in this city are renters. And they're low-income renters and they have not had protections in place for 30 years. I want to remind, someone said earlier that we can't come change the rules. Well, the rules were changed 30 years ago on us as a city, and on renters, when the landlord lobby and the realtors and the home builder's association applied pressure to our legislature to pass a ban on rent control and take away our regulatory tools which directly

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has led us to the crisis that we are in today. So the rules are going to change. However, I cannot assert enough this is a temporary emergency ordinance. It is not ideal. It is not perfect as many of my colleagues mentioned. What we need is for the legislature to return those, overturn the ban, return our tools so that we can sit down at the table with everyone and have a meaningful conversation about how the city of Portland is going to craft a fair and nuanced rent stabilization policy that protects both landlords and renters. We cannot do that until that ban is overturned. That is why we immediately pursued this option. It is the only tool in the toolbox. We listened to your alternatives tonight. There were some great ideas put forward. They will all take time. Some of them involve changing state law. This is literally the only tool the city of Portland has to protect renters. And we are using it. So now to my thank yous. I would like to thank the many community partners who have not only worked with us to craft this policy but have been pushing the conversation of helping vulnerable tenants since the housing crisis began. I asked my policy director Jamey Duhamel, to make me this thank you list so I wouldn't forget anyone. Because this is the first ordinance I've introduced. It's my first month in city council. And although I may seem very calm this is extremely nerve wracking. Well, she forgot somebody. And its Jamey Duhamel. So thank you, Jamey. [applause] we could not have done this without you. I want everyone to know that Jamey got, I mean, this option has been in discussion for several months. But Jamey started working on it on day one. Jamey kept working on it through the snow storm. Jamey was cursing the skies because the weather emergency probably set us back two weeks. She would have like told introduce it our second week but she's just going to have to settle for our fourth. All right. Thank you also to Portland tenants united for their tireless advocacy for tenants and everything they've done to lay the groundwork for this bold policy. In addition, we appreciate the support and partnership of mayor wheeler and staff, all the other commissioners and their staff, our city attorneys, Portland housing bureau, a home for everyone, human solutions, Multnomah county, and speaker kotek's office. I would also like to thank living wriggler elementary and the tenants of Normandy apartments as well as titan manor for bringing your story of economic eviction to all of our awareness. Thank you to all the landlords out there who believe in tenant protections and in doing the right thing for their fellow humans and unprecedented times. Finally, to all the tenants of Portland who have been doing their best to weather this crisis and organize and fight for protections they deserve to have. Aye.

**Wheeler:** With that -- with that the ordinance passes. There being no further business, we are adjourned. Thank you, everybody.

**At 8:03 p.m. Council adjourned.**