



# Portland Housing Bureau

Mayor Ted Wheeler • Director Shannon Callahan

To: Portland City Council  
From: Shannon Callahan, Director   
Date: March 10, 2019  
RE: N/NE Neighborhood Housing Strategy Oversight Committee Annual Report

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We are pleased to submit this fourth annual report on behalf of the North/Northeast Neighborhood Housing Strategy Oversight Committee. The Committee's advice and monitoring of our policies, programs and outcomes is of central importance to the commitment to this strategy.

This report highlights both our successes and challenges in implementing the strategy. Since receiving this report in March, PHB met with the Oversight Committee to present a plan to address concerns raised in this report. We will continue to work with the Oversight Committee and our contracted partners to ensure that we are improving our policies and programs to reach our shared goal of successful implementation of the North/Northeast Neighborhood Strategy.

# North/Northeast Neighborhood Housing Strategy

**Oversight Committee**



**2018 Annual Report**

## Introduction: Charge, Charter and Membership of the Oversight Committee

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

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

Recognizing the difficult history that had led the city to this point, the Portland Housing Bureau (PHB) determined that any plan for how to invest these funds would need to be guided by the community itself. Through a series of public forums and other outreach efforts, more than 450 community members, 15 area faith leaders, and numerous community leaders generously shared their personal stories and those of their friends, family, and neighbors. They sent written notes and emails about their lived experiences and their thoughts about what kinds of housing assistance would have the greatest impact.

The result of that seven-month community engagement process was the “North/Northeast Neighborhood Housing Strategy” (the Strategy—a five-year plan for how to invest the \$20 million according to the stated priorities of the community), presented to Portland City Council on January 28, 2015.

Beyond dollars and cents, what emerged from the community process was a resounding question that the Strategy would also have to address: “how will this plan will be any different than all those that came before it?” The answer was a mechanism for greater transparency and accountability to the community itself. An Oversight Committee (the Committee) made up of community members was formed in May 2015 and charged by Portland City Council with the responsibility of overseeing the implementation of the Strategy, including the investment of the \$20 million as well as the development of the associated programming and policies, and report to City Council annually on the success of PHB and its contractors in accomplishing the goals outlined in the Strategy.

## North/Northeast Neighborhood Housing Strategy: Community Oversight Committee Charter

The North and Northeast Portland Neighborhood Housing Strategy Community Oversight Committee is hereby created and tasked with the responsibility of reviewing and monitoring the development and implementation of policies and programming associated with the North/Northeast Neighborhood Housing Strategy and the accompanying \$20 million on progress.

### Scope of the Oversight Committee

This committee, working with the Portland Housing Bureau as well as its contractors, shall:

- Advise on, and review, program proposals and plan development;
- PHB will inform the oversight committee of decisions, plans, proposals prior to implementation
- Monitor the implementation of policy and programming, and associated outcomes;
- And advise the housing director and housing commissioner on progress, issues, and concerns associated with the North/Northeast Neighborhood Housing Strategy and Interstate Urban Renewal "TIF Lift" funds

Stemming from the development and implementation of the policies and programming associated with the North/Northeast Neighborhood Housing Strategy Interstate Urban Renewal Funds. This scope applies to PHB and any contractors receiving funding from this initiative.

### Membership of the Oversight Committee

Dr. Steven Holt, Sr. Pastor Kingdom Nation Church, Chair

Dr. Lisa K. Bates PhD, Associate Professor Portland State University

Dr. T. Allen Bethel, Sr. Pastor Maranatha Church

Triston Dallas, Attorney, Epiq Global

Dr. Karin Edwards EdD, Cascade Campus President, Portland Community College

Jilian Saurage Felton, Saurage Consulting

Sheila Holden, Regional Community Manager, Pacific Power

Marlon Holmes, Community Member

Virgie Ruiz-Houston, Community Member

Felicia Tripp, Deputy Director, Portland Housing Center

## Message from The Committee Chair

I want to begin by expressing my appreciation for the work of the committee. Their willingness to be engaged in this significant and at times messy work is to be commended. I appreciate their tireless effort and continuous focus around the vital issues of gentrification and displacement. I think it also appropriate to express appreciation for the commitment and engagement of the Mayor and city commissioners to support this necessary focus around mitigation strategies to address historic inequities that have negatively impacted housing affordability for marginalized people groups. I want to thank the partners for adjusting, responding to feedback and putting forth earnest effort to produce quality housing units for marginalized families and individuals either already displaced or at risk of displacement.

This work is at times a daunting task and requires constant flexibility, agility and humility. At times the demand can be exhausting, however we must maintain our view of an improved environment and a healthier community.

Let me highlight some major accomplishments in 2018:

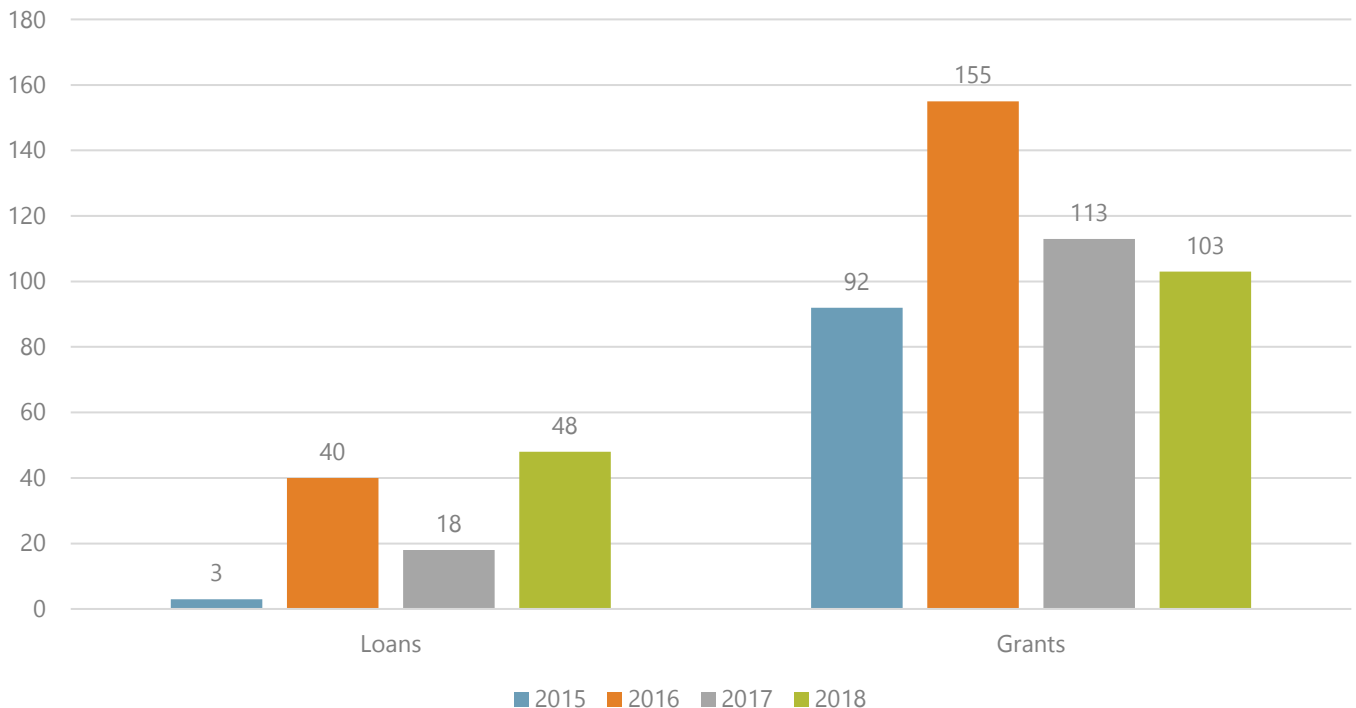
- Two multifamily-rental buildings were completed and opened in 2018, the Beatrice Morrow Cannady 80 units and Charlotte B. Rutherford 51 units.
- The preference policy, which is precedent setting has garnered interest from around the nation, it continues to serve as an effective tool for identifying and providing opportunity to citizens with historic roots in N/NE Portland and those who have lost their families homes through City Action or eminent domain. Garlington Place is a great example of the value of the preference policy, Cascadia voluntarily utilized the policy to lease 31 units in their building. Additionally, the Charlotte Rutherford is fully leased, and the Beatrice Morrow is in process of leasing their 60 units.
- In our 2017 report we highlighted the burden of repayment of DPAL for families that have been impacted by city action. In 2018, PHB and the oversight committee successfully recommended a change in the program that will now allow all DPALs granted after 2015 to be 50% forgiven at year 15, 3% a year for each subsequent year, and totally forgiven at year 30. City council approved the change on September 19, 2018.
- Boundary change for home repair to include the entire Interstate URA
- 3 projects approved for State LIFT funds, Bridge for Williams project, IHI for Magnolia II which is under construction, and Proud Ground for home ownership at 5020 N. Interstate
- Additional funding approved for both PCRI and Reach to fill gaps in King/Parks and the Argyle sites respectively, approximately \$7.5 million.

## Strategy 1: Preventing Displacement

As stated previously, the North/Northeast Oversight Committee was charged with overseeing strategies, developed by the Portland Housing Bureau, to mitigate the displacement of the City’s most vulnerable residents in North/ Northeast Portland. In this section we will highlight some of last year’s activities for the following strategies: Down Payment Assistance Loans (DPAL), Home repair loans and grants, development of affordable rental units., and homeownership.

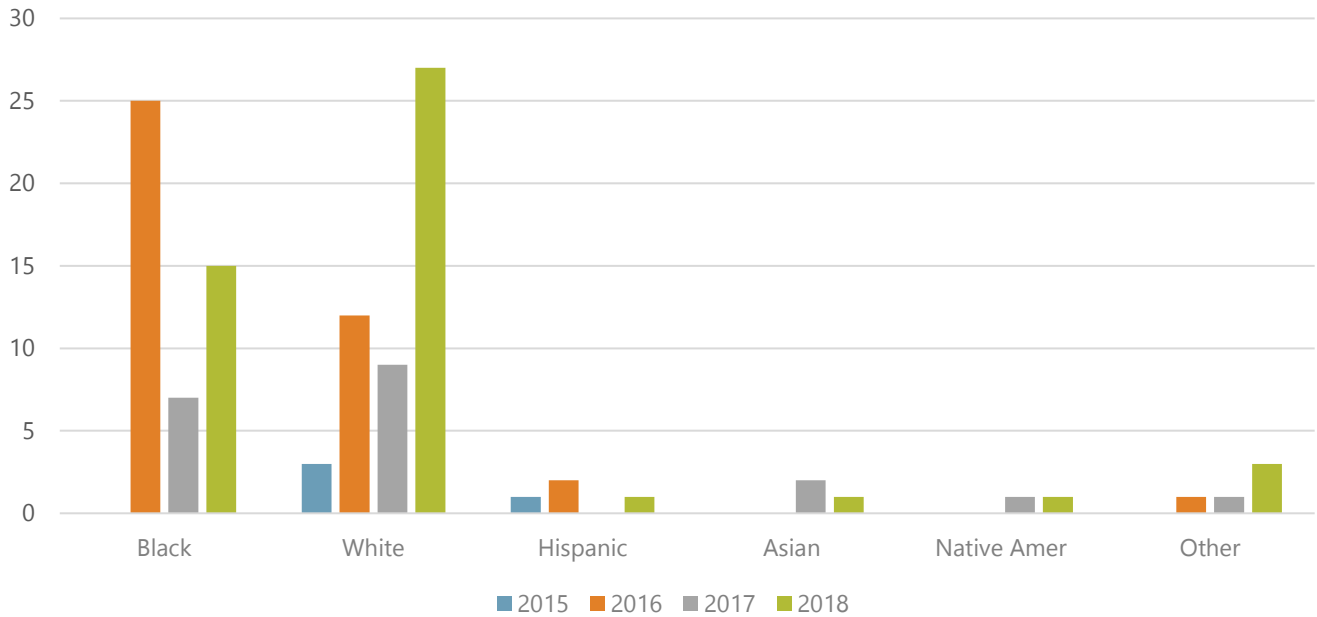
In an effort to help current homeowners maintain necessary upkeep on their homes and prevent displacement, the Oversight Committee received updates on the distribution of home repair loans and grants. While we are very pleased to see an increase in the number of grants awarded, we have not seen parity in the number of loans awarded to communities of color.

**Home Repair Loans and Grants: 2015-2018\***

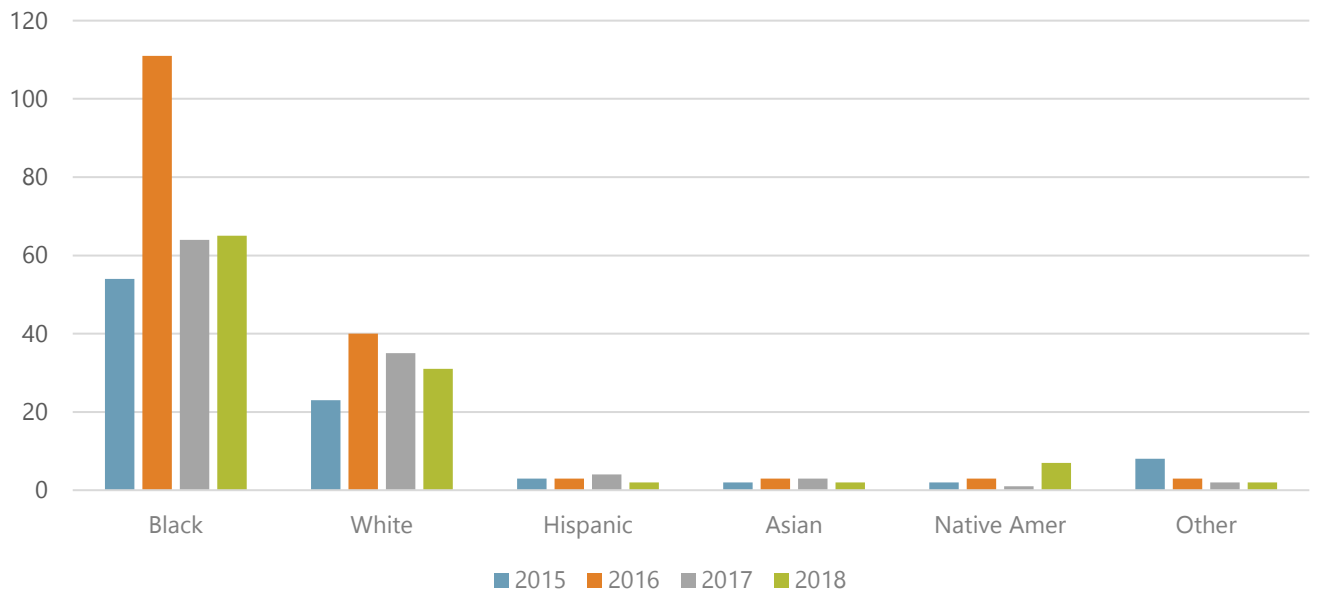


\*2015 data updated, in the report given by the OC for the 2015 calendar year the number of home repair loans reported was 30, that number included everything in the pipeline, of that number only 3 were completed in that year.

## Home Repair Loans by Race: 2015-2018



## Home Repair Grants by Race: 2015-2018

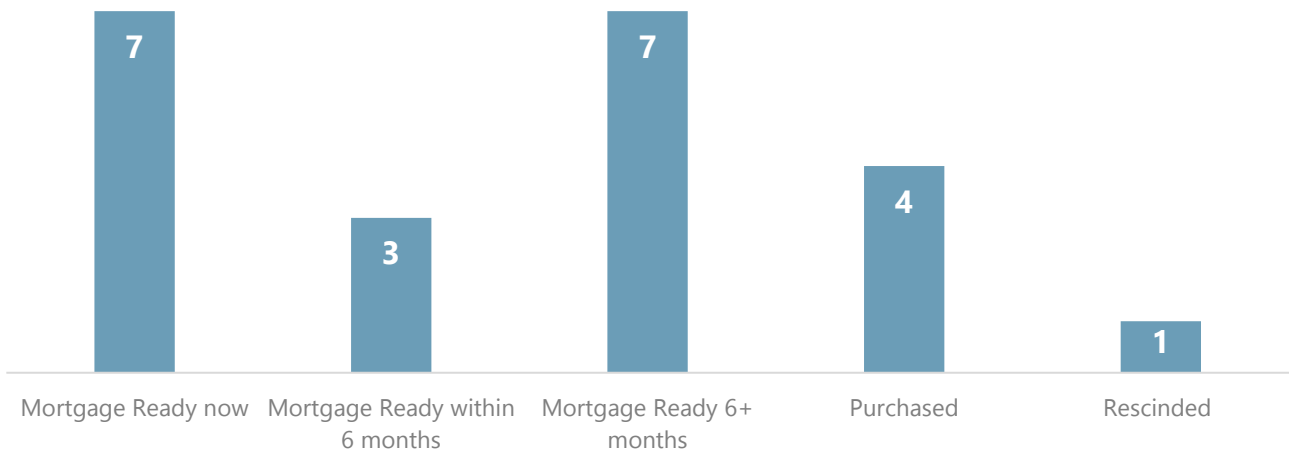




## Strategy 2: Creating New Homeowners

### Down Payment Assistance

#### 22 PCRI - Home Ownership Preference Policy Participants



(TOP Image: from PCRI | BOTTOM Image: from Portland Housing Center)

# 71

Households Referred to Portland Housing Center

**1 Closed Loan  
4 In Process**

Since Beginning Services

**33%**  
Increased Income

**22%**  
Decreased Debt

**61%**  
Increased Savings

### Mortgage Readiness of Active Households

Long Term (>6 Months Out) ■ Near Ready (<3 Months Out) ■

Short Term (3-6 Months Out) ■ Mortgage Ready or Purchased ■

### Typical Preference Policy Client\*

Household Size	2.5
Age	40
Income	\$45,912
Credit Score	615
Savings	\$4,198
Total Household Debt	\$43,668

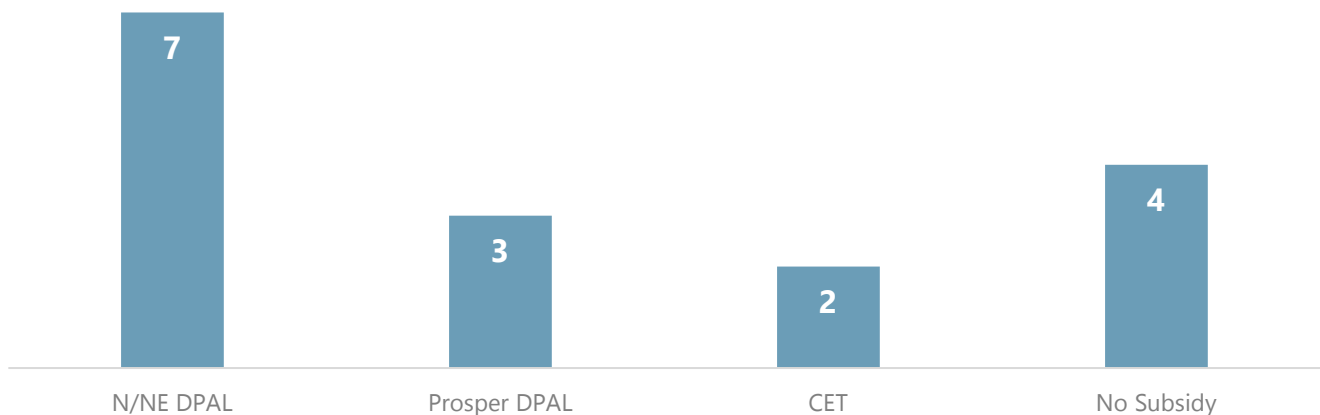
\* All Values are Averages of the total clients referred



Portland Housing Center took over management of clients from the AAAH Collaborative in July 2018 and manages all new Preference Policy households going forward. In addition to the 4 clients previously converted to homeowners by the collaborative, Portland Housing Center had one new homeowner purchase with Prosper Portland funding. An additional four households were shopping with a Pre-Approval or in contract as of 12/31/18. So far, Portland Housing Center has held five info sessions to bring in new households referred by Portland Housing Bureau. These households are then assessed and either approved for the Preference Policy, rescinded if eligibility isn't met, or referred to the second round of Preference Policy. From July to December 71 households attended an information session and registered for Portland Housing Center, of those households 14 were recommended for Rescindment or future rounds. Portland Housing Center's goal is to work with households to become "mortgage ready" to be able to utilize a DPAL or one of the Preference Policy properties in production. Of the households PHC is working with, 8 are either considered "mortgage ready" and/or have already purchased using identified Preference Policy Resources.

The Down Payment Assistance Loan is designed to help first-time homebuyers purchase a home. The DPAL is a silent second mortgage loan funded by the Housing Bureau that leaves homeowners with a significant balloon payment, which most could not afford. This past year, the Oversight committee recommended new guidelines for DPAL loans, which were approved by City Council on September 19, 2018. These new guidelines allow for 50% forgiveness at year 15 and incremental forgiveness of the loans in years 16-29, and full forgiveness in year 30. This is a significant win for DPAL recipients.

## N/NE Preference Policy Home Buyers



100% of the Home Buyers utilizing N/NE, Prosper or CET funds are Black/African American.

Race/Ethnicity Data is not available for the no subsidy buyers.

## Home Ownership Unit Development

Portland Housing Bureau is working with community partners Habitat for Humanity, Proud Ground and PCRI to build affordable units for preference policy applicants within the district. The units are currently under construction and some will be available as early as March 2019.



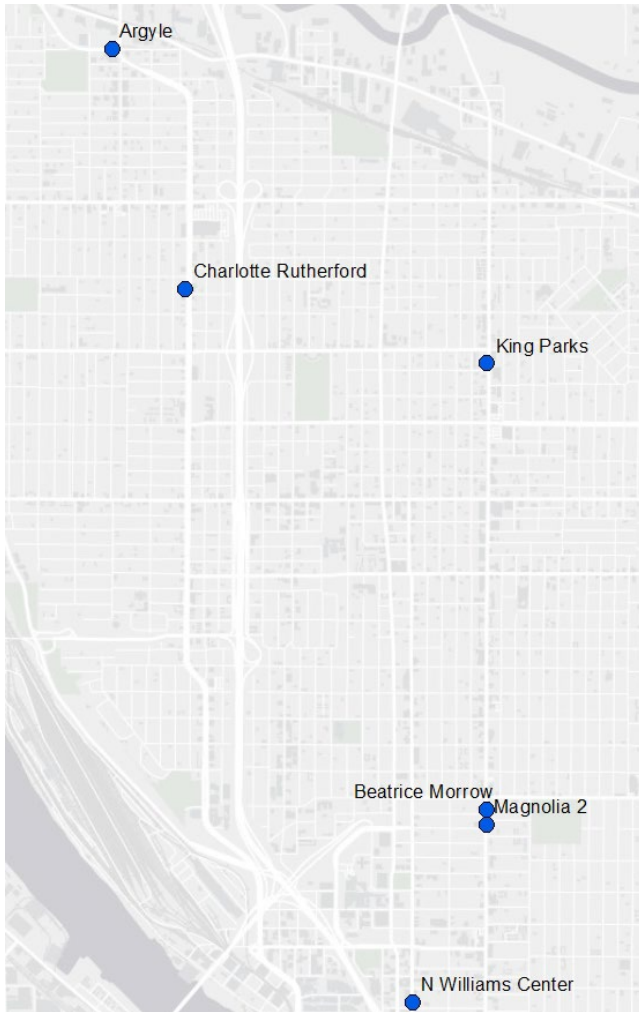
**Habitat for Humanity – Project rendering Olin Townhomes**



**PCRI Williams Avenue Townhomes – Open House March 7th**

## Strategy 3: Creating Rental Homes

To meet the goal of increasing the availability of affordable rental units, PHB and their development partners have made substantial investments in the construction of affordable housing.



### Rental Unit Pipeline

Building Sponsor	Units	Status
<b>Beatrice Morrow</b> PCRI	80	Leasing up
<b>Charlotte B. Rutherford</b> CCC	51	Leasing up
<b>Magnolia 2</b> IHI	50	In construction. Completion scheduled for January 2020
<b>King/Parks</b> PCRI	70	City Council approved 12/05/18 for \$5.7M construction/permanent loan
<b>N. Williams</b> Bridge	61	In Permitting
<b>Argyle</b> REACH	189	Submitted for Permit. City Council approved \$15.95M 12/20/19. Target closing 1/24/19 and construction start 1/28/19
<b>Total Units</b>	<b>501</b>	



## Charlotte B. Rutherford



## Beatrice Morrow

While the importance of creating new homeowners is at the forefront of the Oversight Committee's efforts, there is an understanding that to maintain balance within the community we must supplement the increase in potential new homeowners, and focus a substantial amount of effort and investment in the continued development of the Rental Unit Pipeline; which includes six (6) locations:

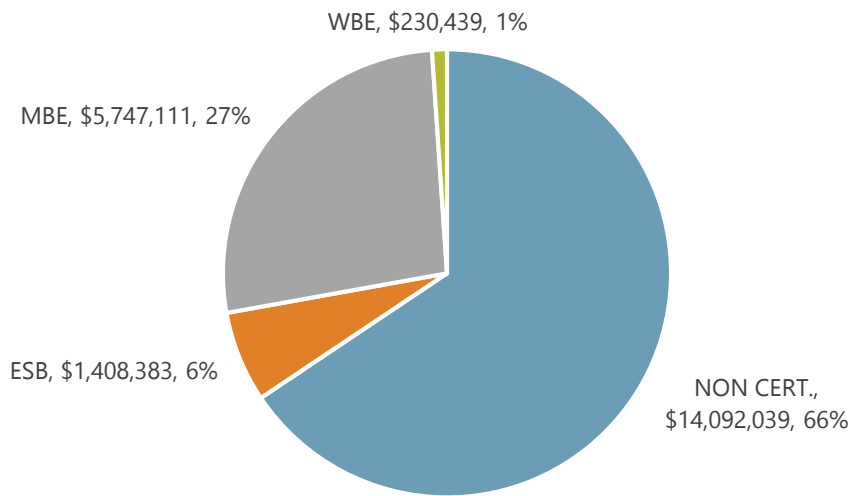
- Beatrice Morrow
- Charlotte B. Rutherford
- Magnolia 2
- King Parks
- N. Williams Center
- Argyle

Currently, there are 501 potential dwellings within the Rental Unit Pipeline. Of those 501, there are 146 dwellings under construction and 131 available to lease now between the Beatrice Morrow and Charlotte B Rutherford locations. Within the Rental Unit Pipeline, there was an emphasis on dwellings for families; creating 49 units that are 2+ bedrooms.

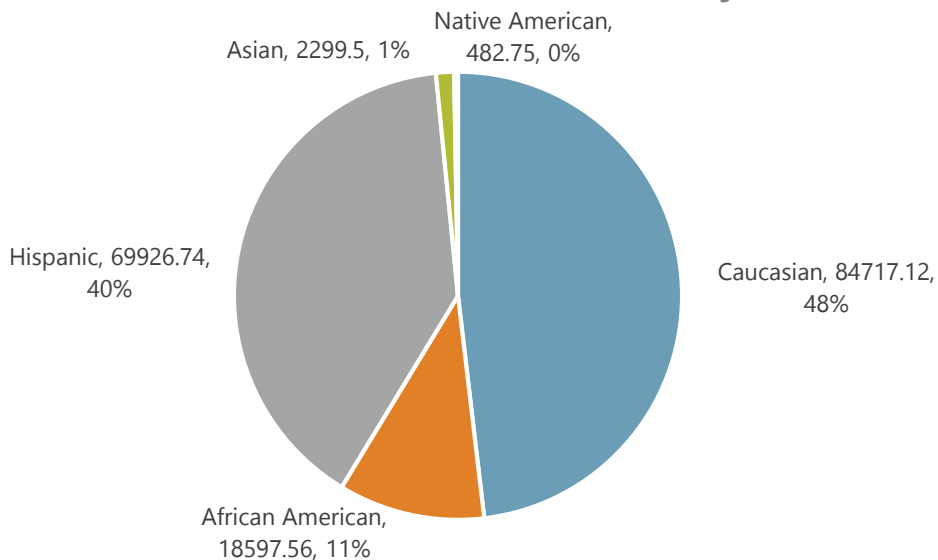
Additionally, it has also been important to the Oversight Committee that minority and women own business are involved in the development of the properties within the Rental Unit Pipeline. 28% of the construction dollars are going to minority and women owned businesses and 50% of the workforce of those working on these projects are minorities. The Oversight Committee will look to continue to increase the number of minority and women owned businesses involved in future development construction.

## Policy Area: MWESB Demographics for Rental Construction

### Rental Construction MWESB Participation (Dollars)



### Rental Construction Workforce Diversity (Hours)

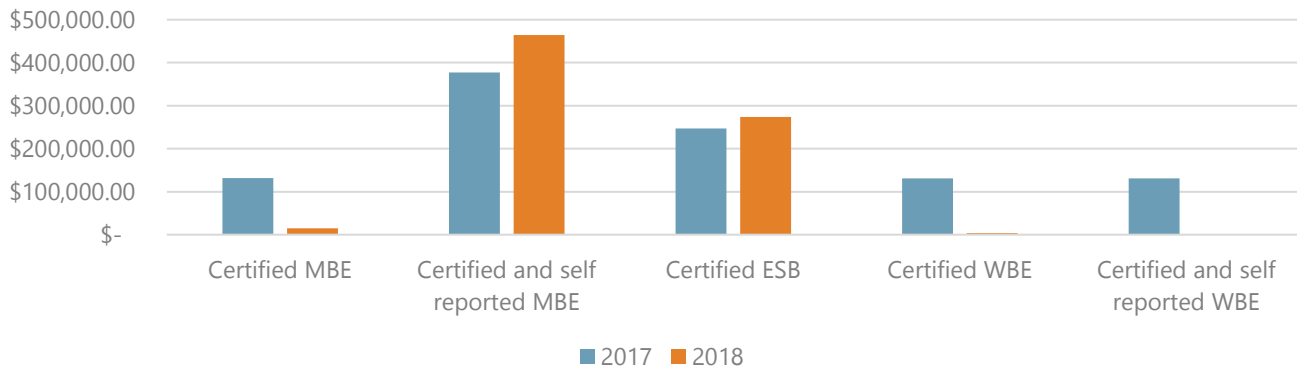


## Policy Area: MWESB Demographics for Home Repair Loans

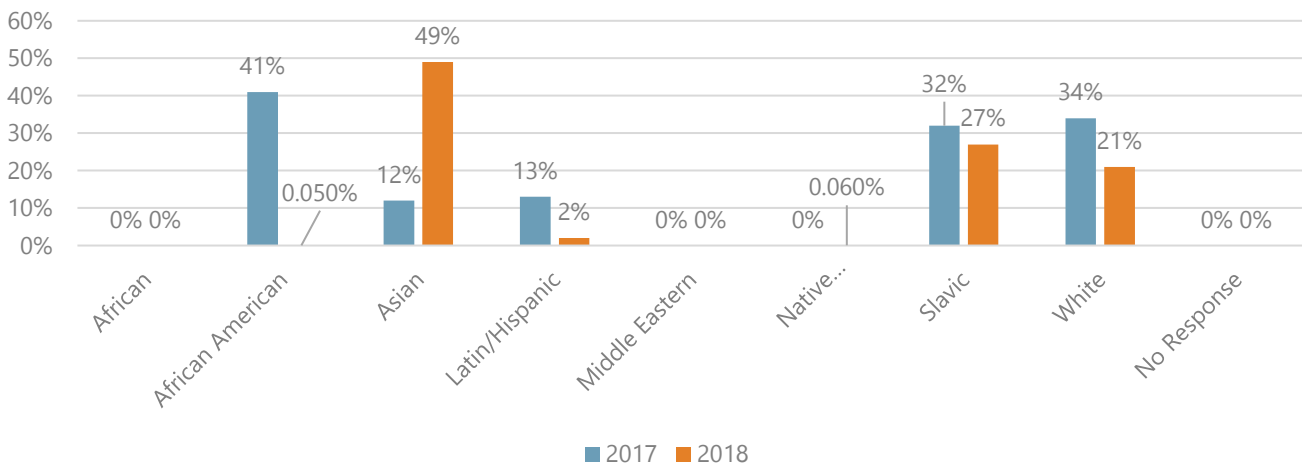
\*The information below includes all loans funded with Interstate Base Tax Increment Financing Affordable Housing Set Aside, the N/NE allocation, Tax Increment Financing Affordable Housing Set Aside Lift, and Prosper Portland funds.

	2018	2017
Total # of Contractors	18	8
Total Funds Spent with Contractors	\$898,765	\$573,493
<b>Average Contract Cost</b>	<b>\$20,902</b>	<b>\$31,860</b>

### MWESB Dollars - Home Repair Loans



### Race/Ethnicity of Contractors - Home Repair Loans

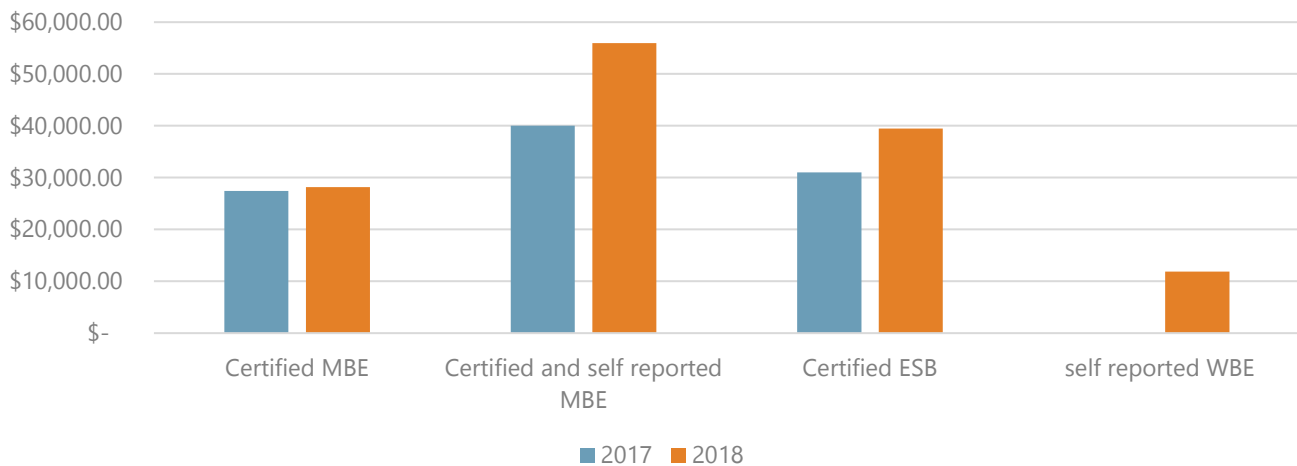




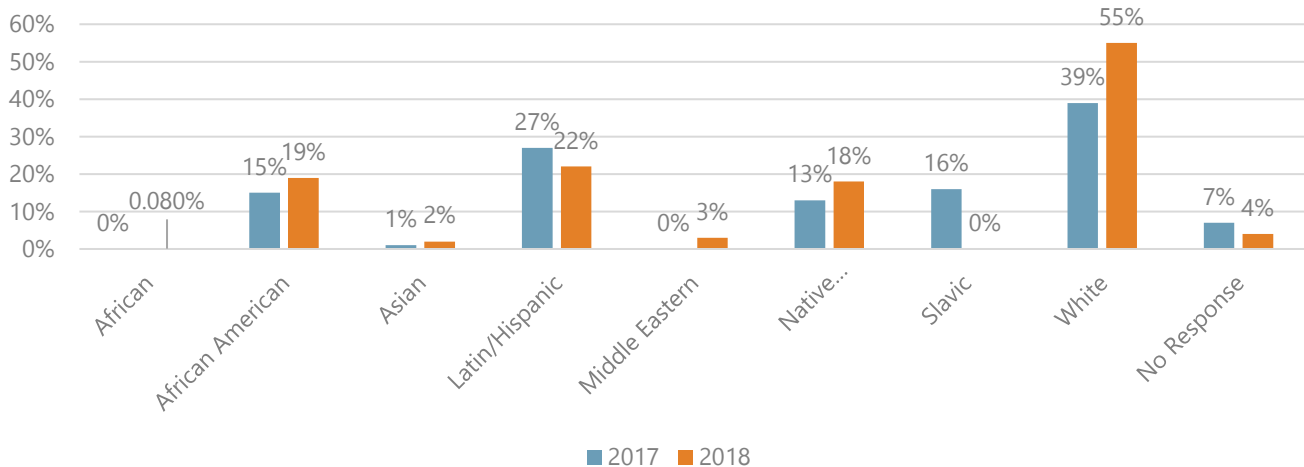
## Policy Area: MWESB Demographics for Home Repair Grants

	2018	2017
Total Projects	72	-
Total # of Contractors	22	22
Total Funds Spent with Contractors	\$103,940	\$69,508
<b>Average Contract Cost</b>	<b>\$1,444</b>	<b>\$1,007</b>

### MWESB Dollars - Home Repair Grants



### Race/Ethnicity Contractors - Home Repair Grants





## Policy Area: Preference Policy



**Garlington Place**

Garlington Place  
31

Charlotte B  
Rutherford  
51

**Preference Policy Households  
Housed in 2018: 82 Total Units**

PHB partnered with Cascadia Behavioral Health on the lease up of the Garlington Place building. Cascadia Behavioral Health voluntarily aided the Housing Bureau in its N/NE Neighborhood Housing Strategy by offering thirty-one units of the Garlington Place building to applicants identified through the N/NE Neighborhood Housing Strategy

Preference is:

1. based on the amount of urban renewal activity that occurred where you or your parent/guardian or grandparent lived (or currently live) in N/NE Portland;
2. given to applicants who were displaced, are at risk of displacement, or who are the descendants of families that were displaced due to urban renewal in N/NE Portland;
3. given regardless of whether you currently reside in N/NE Portland.
4. Households must also meet the income and screening eligibility requirements for the housing unit or building. Preference points do not guarantee that the household will be eligible for a housing unit

## Summary

As you can see much work is being accomplished. The ICURA is buzzing with home ownership opportunities, development sites, multi-family rental construction and completed multi-family rental units being leased. It is a tremendous time to be engaged in this effort, watching progress towards promises being kept.

There is still work to do:

- Must improve advertisement and marketing efforts to increase awareness and participation of communities of color, especially African Americans, with the home repair loan and grant program.
- Must re-establish the quarterly newsletter to keep people informed of the work of the committee, partners and Portland Housing Bureau.
- Identify barriers and increase opportunities for MWESB participation at all levels of construction and development, from multifamily rental to single family home repairs.
- The N/NE Strategy for housing proceeds; initiatives for economic development via Prosper Portland have begun; but there remains a gap for community development services and programs that cannot be funded through TIF dollars.
- Continue to work with Prosper Portland on the issue of maximizing the indebtedness of the URA, its' impacts and benefits.
- Concern remains around communication between PHB and community partners. There were significant struggles with reporting and the committee's information requests to PCRI. While some of the information has been shared, the oversight committee continues to have questions about the progress of work at PCRI and concern with the worsening relationship between the organization and PHB. Continued effort to resolve the communication breakdown is warranted. The concern is greater than one partner, it is our desire to see a standardized approach that will help to resolve these issues. The oversight committee continues to press all partners to present their work and learning about serving families who have experienced the root shock of displacement, and to be specific in how they are serving and will be serving Black/African-American families, in their reports to the committee. The work of the N/NE Strategy demands a new level of accountability for both the City and its partners, and the oversight committee will continue to press on these issues.

## Conclusion

We have an incredible opportunity to do generational good. It is incumbent upon all of us (City of Portland, PHB, Partners and OC) to recognize and understand that this work is not about any one of us. This is about and for the community of people who have been negatively impacted by intentional acts of displacement and gentrification. This work is about offering hope to some of the many who want to take advantage of these

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possibilities and return to their historic roots. The community deserves the best efforts of all participants to achieve our goals.

The preference policy continues to be the best tool for ensuring this aim. It is imperative that we function with emotional intelligence and clear vision. Our time is limited, this moment won't last forever. I implore you to give your best effort so that the "promises made, will be promises kept.

Agenda No.  
**REPORT**  
Title

Accept the annual report for calendar year 2018 of the North and Northeast Neighborhood Housing Strategy Oversight Committee (Report)

<p><b>INTRODUCED BY</b> Commissioner/Auditor: <b>Mayor Wheeler</b></p>	<p>CLERK USE: DATE FILED <u>MAR 12 2019</u></p>
<p><b>COMMISSIONER APPROVAL</b></p> <p>Mayor—Finance &amp; Administration - Wheeler <i>MA</i></p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Hardesty</p> <p>Position 4/Safety - Eudaly</p>	<p>Mary Hull Caballero Auditor of the City of Portland</p> <p>By: <u><i>[Signature]</i></u> Deputy</p>
<p><b>BUREAU APPROVAL</b></p> <p>Bureau: Portland Housing Bureau Bureau Head: Shannon Callahan <i>[Signature]</i></p>	<p><b>ACTION TAKEN:</b></p> <p>MAR 20 2019 <b>ACCEPTED</b></p>
<p>Prepared by: Leslie Goodlow Date Prepared: 3/11/2019</p>	
<p>Impact Statement</p> <p>Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p>	
<p><b>City Auditor Office Approval:</b> required for Code Ordinances</p>	
<p><b>City Attorney Approval:</b> required for contract, code, easement, franchise, charter, Comp Plan</p>	
<p>Council Meeting Date 3/20/2019</p>	

<b>AGENDA</b>
<p><b>TIME CERTAIN</b> <input checked="" type="checkbox"/></p> <p><b>Start time: 9:45 am</b></p> <p><b>Total amount of time needed: 45 minutes</b> (for presentation, testimony and discussion)</p>
<p><b>CONSENT</b> <input type="checkbox"/></p>
<p><b>REGULAR</b> <input type="checkbox"/></p> <p><b>Total amount of time needed:</b> _____ (for presentation, testimony and discussion)</p>

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	1. Fritz ✓	
2. Fish	2. Fish ✓	
3. <del>Saltzman</del>	<i>Hardesty</i> 3. <del>Saltzman</del> ✓	
4. Eudaly	4. Eudaly ✓	
Wheeler	Wheeler ✓	