



# March 11, 2025 Homelessness and Housing Committee Agenda

**City Hall, Council Chambers, 2nd Floor – 1221 SW Fourth Avenue, Portland, OR 97204**

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**Tuesday, March 11, 2025 12:00 pm**

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**Session Status:** Adjourned

**Committee in Attendance:**

Councilor Jamie Dunphy, Vice Chair

Councilor Dan Ryan

Councilor Angelita Morillo

Councilor Dunphy presided.

Officers in attendance: Diego Barriga, Acting Council Clerk

Committee adjourned at 1:42 p.m.

## Regular Agenda

1

[Homelessness Response System Intergovernmental Agreement](#)

(Presentation)

**Document number:** 2025-074

**Introduced by:** Councilor Candace Avalos; Councilor Jamie Dunphy

**City department:** Portland Solutions

**Time requested:** 40 minutes

**Council action:** Placed on File

2

[Discussion on preliminary budget recommendations related to homelessness and housing](#) (Presentation)

**Document number:** 2025-075

**Introduced by:** Councilor Candace Avalos; Councilor Jamie Dunphy

**City department:** Housing Bureau; Permitting & Development; Portland Solutions

**Time requested:** 70 minutes

**Council action:** Placed on File

Portland City Council, Homelessness and Housing Committee

March 11, 2025 - 12:00 p.m.

Speaker List

	Name	Title	Document Number
1	Jamie Dunphy	Councilor, Vice Committee Chair	
2	Diego Barriga	Acting Council Clerk	
3	Dan Ryan	Councilor	
4	Angelita Morillo	Councilor	
5	Claire Adamsick	Council Policy Analyst	
6	Skyler Brocker-Knapp	Director, Portland Solutions	2025-074, 2025-075
7	Hank Smith	Deputy Director, Portland Solutions	2025-074 and 2025-075
8	Donnie Oliveira	Deputy City Administrator	2025-075
9	Shea Flaherty Betin	Interim Executive Director, Prosper Portland	2025-075
10	Helmi Hisserich	Director, Portland Housing Bureau	2025-075
11	David Kuhnhausen	Interim Director, Portland Permitting and Development	2025-075

## **Portland City Council Committee Meeting Closed Caption File**

**March 11, 2025 – 12:00 p.m.**

This file was produced through the closed captioning process for the televised city Council broadcast and should not be considered a verbatim transcript. The official vote counts, motions, and names of speakers are included in the official minutes.

**Speaker:** Okay. For my first time as a City Councilor, they gave me the gavel. Good afternoon. I'm calling the meeting of the homelessness and housing committee to order. It is Tuesday, March 11th at 1205. Diego, can you please call the roll?

**Speaker:** Morillo here.

**Speaker:** Zimmerman. Avalos. Dunphy.

**Speaker:** Here. And. Claire. Will you please read the statement of conduct?

**Speaker:** Welcome to the meeting of the homelessness and housing committee.

To testify before this committee in person or virtually. You must sign up in advance on the committee agenda at [Portland.gov/council agenda](https://portland.gov/council-agenda), slash homelessness and housing committee. Or by calling 311 registration for virtual testimony. Sorry.

Information on engaging with the committee can be found at this link. Registration for virtual testimony closes one hour prior to the meeting. In person. Testifiers must sign up before the agenda item is heard. If public testimony will be taken on an item, individuals may testify for three minutes unless the chair states otherwise, your microphone will be muted when your time is over. The chair preserves order disruptive conduct such as shouting, refusing to conclude your testimony when your time is up, or interrupting others testimony or committee deliberations will not be allowed. If you cause a disruption, a warning will be given. Further disruption will result in ejection from the meeting. Anyone who fails to leave once ejected is

subject to arrest for trespass. Additionally, the committee may take a short recess and reconvene virtually. Your testimony should address the matter being considered. When testifying, please state your name for the record and address is not necessary. If you are a lobbyist, identify the organization you represent. And finally, virtual testifiers should unmute themselves when the clerk calls your name. Thank you.

**Speaker:** Thank you claire. So today we're going to be focusing on two presentations, one hoping to get us a deeper understanding of the intergovernmental agreement between the city and the county with relation to the what's formerly known as the joint office of homeless services, department of.

**Speaker:** Homeless services department.

**Speaker:** Not as nice of a name, and we're also going to be having some preliminary discussions about budget priority setting. This is an early conversation, mostly to help us identify where the pots of money are coming from and where they're going. No decisions are going to be made today, but it's good to start having those conversations publicly early and often. We've allotted, we've allocated, not allotted. We've allocated a lot of time to each discussion so that folks can ask questions to help us get a better understanding of these topics. These two discussions will set the foundation for our upcoming work. Diego, can you please read the first item?

**Speaker:** Item one homelessness response system. Intergovernmental agreement.

**Speaker:** Thank you. For our first item, we're going to hear a brief briefing from the Portland solutions team on the city and the county iga. Our goal is to see the iga through the eyes of the city's perspective, and to use this knowledge to decide how we will engage with the county in this partnership in the future. With that, i'll hand it over to skylar and hank.

**Speaker:** Thank you, chair dunphy and councilors. For the record, skylar brucker, director of Portland solutions, we have hank smith, the deputy director of Portland solutions, here to run the slides and answer questions, as well as members of the team behind me. We've been asked to share information on two different topics today, but we're starting with a walkthrough and discussion of the homelessness response system intergovernmental agreement, or iga for short, between the city of Portland and Multnomah County. In the interest of time, if you would please hold your questions just till the end of this first part of the iga presentation. Thank you. I'm going to review some historical context and then the contract terms to begin. I want to surface that the city and the county are under three igas. So not to further confuse anyone, but just for clarity's sake, the county city alternative shelter intergovernmental agreement that is mostly having to do with federal dollars that were passing from the federal government to the city and then to the county for some of these services. The emergency shelter expansion intergovernmental agreement, that second one you see on the slide, and that has to do with state funding as well as shs dollars passing from the county to the city. So just for clarity's sake, we are talking about the third bucket here, which is the homelessness response system intergovernmental agreement. We think of that as the large, overarching homelessness agreement between the city and the county. We're going to start with a brief overview of what the world looked like prior to the hse iga approval and implementation. Prior to the iga, the city was concerned about a number of issues, including lack of control. How money was spent, what money was spent, lack of quality control and operations and implementation, incomplete data and lack of access to data. Lack of governance that provided no seat at the table for the city. Non prioritization of city action items. Lack of city access to county programs and a lack of coordinated strategic plan between the city and the county

to combat homelessness collectively. Some of these concerns still persist, but I want to frame for you what we were thinking about as a city coming into this agreement last summer in discussions with the county. We knew that we wanted an iga that supported a plan of action concerning homelessness response. To that end. As the homelessness response iga was being developed, we were simultaneously developing the homelessness response action plan. So we call these the hse, iga and rap for short as the action plan. Some of the key considerations in this development were a by name list of homeless individuals in Multnomah County, something councilor Ryan has been advocating for a long time that built for zero approach. We wanted to identify a baseline and then shelter house 50% of that baseline, as determined in January of 2024. The overarching strategy was to develop capacity to match services to the need that we were seeing and really identifying that need, and then building the services to meet it. The mayor has also mentioned wanting to meet the needs of that additional 50% that are not being met by this rap. So we've had other presentations about that, but I just wanted to flag that for council. I also want to provide you some background on the approval process for the iga. The City Council directed the mayor's office and the city chief administrative office to negotiate an iga with Multnomah County in March 2024. The city and the county unveiled the homelessness response action plan and subsequently presented the his iga to City Council. The iga was passed by the city of Portland on July 3rd, 2024 last summer, having established the developing frameworks that got us to the iga. I'm just going to review some of those contract terms and specifics. Let's start with an overview. So homelessness response system iga replaced the sunseting joint office of homeless service between the county and the city. It is a three year agreement from July 1st, 2024 to June 30th of 2027. The iga establishes the mechanism by which the homelessness response action plan

will be implemented, monitored and achieved. And again, the homelessness response action plan is that simultaneous document that has hundreds of action items that are specific to goal areas that we're going to go over. Because of that simultaneous development and overlap of the iga, and I want to detail some of those primary components for you. Some of these are specific to the iga. Some of these components are referred to in the iga and are part of a wrap. So they're kind of referenced in that contract. But they're really explained in the wrap. We've had that presentation on the homelessness response system and the wrap goals from the homelessness response system team, but I'm just going to review some of those quickly. The iga helped to create shared goals and outcomes, including a focus on moving people from the street to shelter and housing, as well as adding 1000 shelter beds by December 31st, 2025. An important negotiated component was a governance structure that included the steering and oversight committee, as well as the implementation committee. Third, the city really needed some assurances of accountability regarding the work being done and the money being spent. Previously, we would spend about \$30 million over to the county, depending on the year. And really, it was more of a grant agreement. We just sent the money and then we knew sort of what people were using it for at the county, but it wasn't a contract in that way that you think of it. Some of those measures included developing the shelter availability tool, which is being launched this month, a public budget dashboard for transparency and accountability, and action items with dates with responsible parties. This was something that was very important to the city, to have responsible parties attached to each and every action item within the wrap. We knew who was working on an issue and who to hold responsible if something was not accomplished. A fourth component of the iga was to create shared definitions and processes, including termination agreements as well as roles and

responsibilities. This was particularly important to the City Council at the time. Further, the iga established key frameworks in the development of the homelessness response system and shared governance, and created monitoring systems for key data. That included an annual review of both the iga and wrap program plans, as well as public dashboards for budget and program performance. Again, to that accountability and transparency framework. We've provided a bonus slide that outlines the wrap goals developed in coordination with the hse iga. These nine goals range from developing systems for housing navigation to increasing affordable housing, to improving data collection and data analytics, to developing and implementing a strategic communications plan. Each of these goals have sub goals and metrics. Those wrap action items, if you will, fall under all of these nine goal areas. With that overview in mind, I'm going to. I've selected some important items to update you on regarding the iga and its current progress. The next slide please. Thank you. The transition of city alternative shelters to the county homeless services department has been delayed, based on a mutual agreement between the chair and the mayor. Metrics and key performance indicators, or kpis, including the data dashboard, has already been developed and is on the homelessness response system website. The data cleanup and visualization process is in development at the county. That's what gillian shawnee, the director of the homeless service homelessness response system, was mentioning in the last presentation that deduplication effort for the cleanup of that data. That should be done very soon. The governance structure is in place. The steering and oversight committee is actually meeting in the next 15 minutes down the hall. And the city is budgeting the contribution to the county. So again, that's that 31 plus million dollar number that's in the contract. That does not include the 8% cut that we kind of anticipate based on recommendations. So just a flag for you all. With that update in mind, council

members have expressed a number of different viewpoints about the iga, and I wanted to provide you with some information on some potential future pathways that council could determine. One is continue the iga. As it is, it terminates on June 30th, 2027 unless it's extended further. We could also modify the iga, so submitting items through city representatives to the steering and oversight committee. And debating with the mayor and then the chair on how to amend the iga itself. You could terminate the iga. So one aspect that was very important to the previous City Council and the mayor was having a termination clause that either party could initiate. And in this new iga with a 90, we have a 90 day notice and a wind down plan. Parties must deliver monies, records and reports to the other party 60 days before termination, just as a flag to all of you. But either party can initiate that. That includes the presentation on the homelessness response system. Iga and I can answer questions about that before going on to the budget presentation.

**Speaker:** Great. Yeah. Colleagues, any questions for this part so far?

**Speaker:** I do.

**Speaker:** Thank you, scott and hank. I appreciate that. Could you give an update though on a couple of those? So thanks for acknowledging. I've been asking about a real time data for years, and I still struggle to see it. So and one of the main things we've asked for is when you know those suffering on our streets by their name. We could then build a relationship and understand what their actual services are needed. Those that are suffering from economic hardship and those who have that, plus addictions to drugs and alcohol that makes their diagnosis more than behavioral health. Mental health category. We still seem to struggle to get those defined, and then that would allow us to be smarter about how we deliver services where just give me a heads up on where that's going right now.

**Speaker:** Yeah. No, it's a great question. So I my understanding, I'm going to look back at maggie from the homelessness response system. My understanding is that today's steering and oversight committee that's happening right now is actually focused entirely on that data project. So kind of giving the preview of what that de-duplication effort and kind of clean up process for that list. Where that's at, when we can actually have that real time by name list and that data. I would also say one piece that I know is important to you is really ensuring that outreach teams and those working kind of on the streets are able to actually have a mobile device with like hms or by name list data so they can see that information on their phones, for example, or a tablet. That's something that is also in the works with a new potential provider for the homelessness management information system that's mandated by the federal government. So the county is actively looking for a new provider for that system, and they have made it part of the requirements are having mobile access to that information. So I think and I don't want to give a specific date, but I do think today at the steering and oversight committee, the homelessness response system team is kind of telling everyone when that data will be available and that that project has finally come to fruition.

**Speaker:** The oversight committee who represents us is councilor zimmerman.

**Speaker:** Councilor zimmerman and the mayor. Correct?

**Speaker:** Okay, great. And then connecting the dots between governance and accountability, because I do think they're connected. I was hoping to hear a little. I know we met people last week that have finally been selected, and I'm hoping that we continue to hear how the table has hopefully become more independent. One of my concerns was always that everybody at the table was getting money from the system and connected to the county, so the checks and balances of independence wasn't at the table. And so it will be interesting to monitor that and hopefully

councilor zimmerman being there can see that as well as the mayor. So those are the two people from the city that have influence on that committee. Correct. Okay. And then I think for me, i'll just end with this. I'm always wondering where goals related to workforce are and goals related to behavioral health and mental health services being being not just offered, but actually saying yes to those. When we did our field trip, it was not lost on me when we went to the safe rest villages. How? At one safe rest village, 50% of the people staying there at peninsula crossing are actively receiving behavioral health services, and 50% are not. 100%, they said came in needing them. So that actually is a trend in the right direction. And then at the other one in in the other site that we went to, it wasn't that case. It was 15% of those residents were receiving the services and 85% were in active addiction. So when I hear data like that, I don't see how we're going to keep moving forward unless our providers are being supported to actually get to the bottom of helping people build their resilience. We're all about building people's resilience and agency so they can move forward and have a stable life. So i'll be continuing to track that and ask those questions. Sometimes I feel like a lone wolf up here on that regard, but we have to keep asking those questions so we can start delivering better results. Thanks.

**Speaker:** Absolutely. Thank you councilor. And yes, that's top of mind for us. And we will keep pushing forward to try to build as many partnerships in that area as possible.

**Speaker:** Great.

**Speaker:** Thank you for your advocacy.

**Speaker:** Skyler, can you tell me, I think I saw on the second slide of one of the earlier slides that the goal of the iga is to shelter or house 50%. Can we say why it's not 100%?

**Speaker:** Yes. So that was based on budgeting that was happening for this current fiscal year at the time. And so that negotiation was happening like last winter or last spring. And we wanted to be completely realistic based on the money that we had available. So a thousand beds between 2024 to 25 and 25 to 26 seemed like the number that we could hit. It was aspirational, but it's still realistic.

**Speaker:** So does the city have I mean, does the city county have a plan, a plan to get 100% of folks off the street? I mean, I know that, you know, that is a huge part of what mayor wilson was elected to do and is coming in. But is that truly the missing part?

**Speaker:** Yes. So, yes. So kind of what I mentioned was that 50% being part of the homelessness response system kind of goals that are stated in the iga. The mayor is very interested in doing the second 50%, if you will, is kind of how he talks about it. So those overnight shelter beds, day centers, day storage being an additional part to complement what he sees as kind of the missing piece for that plan. I do think he's also interested in developing that in partnership with the county and the steering and oversight committee, and kind of bringing those pieces to that committee, which is the entire point is it's not supposed to stay static. We're able to add goals, amend goals, change based on new information. So I think that will be something he is bringing to the steering and oversight committee in the future, but is something we are actively working on. As you all have seen, just with our incident command system and kind of the Portland solutions team is bringing on additional shelter beds. Thank you.

**Speaker:** Yeah. Can you talk a little bit about the slide that said that there was a delay right now in the transition of city alternate shelters, transitioning to the county. How delayed are we. And do we feel like even though we are behind, there is still a path forward to that transitioning?

**Speaker:** Yeah. Great question chair. So we are not transferring. July 1st is basically the decision that has been made. Everything else I think is under discussion for what happens next. The iga mentions a transfer of July 1st of 2025, the chair and the mayor, collectively with the Portland solutions team and the homeless services department, have decided not to transfer. As of July 1st, the chair and the mayor will have to determine when and if that happens. I think we are working like every day with the county and with the homeless services department to ensure that our teams are actively engaged in kind of co-managing a lot of those pieces. Frankly, I will just say the homeless services department this winter and spring was not fully staffed, and their alternative shelters team and so truly did not have capacity to take over, you know, nine, eight more sites and to manage those. So I think that's something that this council and the mayor will have to determine what they want to see kind of going forward. What we have decided is that for the next fiscal year, the city will continue to manage those operations in partnership with the county. But that's what's happening as of now.

**Speaker:** Is the transition supposed to be simply management side of it, or is it also financial?

**Speaker:** So the iga speaks to operational control and then operational cost. I think tony garcia is here online from the city attorney's office. But we understand it to be both like responsibility of operation and then cost if we were to transfer because we're not transferring, there is some ambiguity there. And the chair and the mayor are in active discussions about what that looks like. I think you all have seen some slides about we'll go into the budget next, but carry over from the city, as well as \$10 million from county general fund that's been promised, as well as some potential state or metro kind of funds.

**Speaker:** Yeah, I'll say I like that we are eventually moving in that direction and that is the right answer for us. I'm pretty concerned that we're this delayed this quickly into an IGA. The responsibility for staffing up the alternative shelters, staffing on the county side was the responsibility of the county to make sure that was done, and now it's on the city to continue doing something that we probably shouldn't. I mean, we're doing well, but maybe we shouldn't be doing in the first place. So I have some continued concerns about that. Recognizing this is a we don't want to we don't want to hurt any of our colleagues feelings. You had laid out some options for us with regard to the future of the IGA. From your professional perspective, is the IGA. I mean, is there a what should we be doing? How should we be thinking about this? Obviously it's not perfect, but you know, I also don't believe that there's a scenario where we can do this on our own. How are you and your team thinking about the current IGA as it, you know, with regard to telling us what to do next?

**Speaker:** Yes. Yeah, it's a great question. Chair. In my personal opinion, I think it's better than what we had before. And I'm going to always strive to improve it. I don't think it's a perfect contract. I don't think it's a perfect relationship. But I think every day we are striving to partner because we have to. As you mentioned, there are just different systems and different funding streams. We provide different services. And so I think we need to work together. We have to work together. And I think it's a better system than we had having a governance structure, having an opportunity to bring new goals or change goals to the table, you know, tomorrow, for example, the city administrator and I are meeting with county officials about our budgets and outlining kind of the different pieces that we're walking into for the chair and the mayor's proposed budget, our general fund constraints, those types of pieces that did not occur previously. We did not sit side by side with our finance teams and really open up our books, so to speak, on a lot of these pieces. That's a huge

improvement. And so I think it's boring, maybe as like a contract, but it's it fundamentally changed our relationship for the better. Again, ways to improve always. But I think for right now this is working decently well. And I think there are ways to improve it. And we've set up those mechanisms. I also will just say from a legal perspective, as a lawyer, it makes me very happy that we both have the opportunity to terminate, which previously we just did not have. I think both parties should be able to get out of a contract if it's not working for them with due notice, obviously, but I think that's a huge improvement as well.

**Speaker:** Wonderful colleagues. Any other questions?

**Speaker:** Thank you. And co chair dunphy. You vice chair dunphy thanks for sharing today.

**Speaker:** I wasn't.

**Speaker:** Sure it made me want to follow up on something that you had said. Now that I know there's a delay, does that mean the site specifically that urban alchemy is overseeing?

**Speaker:** No. So that's for all. Basically eight. So son or peninsula crossing will obviously be sunset at the end of this fiscal year. And become housing a housing project. And sunderland rv park were kind of keeping as a separate decision package. I'll go into in the budget overview. So it's about eight sites. Some are urban alchemy sites and some are staffed currently by sunstone way and then cultivate initiatives.

**Speaker:** I think I know too much here, but so some of them have been operated by the city and some by the county, and I'm actually concerned about the operational transition because, again, the data I specified earlier just so happens the ones the county oversee are not getting the same outcomes as the ones the city are overseeing. So it's difficult for me to sit up here and think that's a victory that

we're handing over the keys to the county to oversee the villages and test sites that have been getting much better results than the ones that they've been operating.

**Speaker:** Yes.

**Speaker:** You understand why I'm concerned.

**Speaker:** Absolutely. I think one thing we are working on with the implementation committee, for example, within this system, is rightsizing some of those service delivery across the shelter system. We also just finished a request for proposal for alternative shelters, day services as well as overnight shelters. So we went through the procurement process to be able to manage those providers directly. We're going to be renegotiating those terms for those sites. And that's absolutely top of mind is service delivery at those sites metrics, how we can deliver better results at all the sites across the board. And I think it will also create more efficiencies and. Right size, kind of what's being delivered to any participant at those sites.

**Speaker:** The culture that I noticed, i'll just say this for the record difference is, for example, the urban alchemy sites you experience staff who have lived experience of being homeless, of being drug addicted and are in recovery. And I really think that goes a long way to why they can meet people where they are and not leave them where they are, but actually help them build their resilience and build their agency. And until I start to see that same culture of the county operational sites, i'll continue to have indigestion over thinking this is a victory.

**Speaker:** Absolutely. Councilor and I welcome any advice or proposals from council and from the mayor on how to move forward. That is open ended. That is.

**Speaker:** I do think it's improved. I think our roles and responsibilities finally got more clear. I think those could have been in place no matter if we had a so-called partnership or we were operating more like two partners that have roles and responsibilities that keep their money differently. But I just want to acknowledge, as

you move on to this, that that has roots in the sfc. That was a grand bargain in 2021 from the bump, the arpa money. And we did it in the bump with the county to build these systems. So I know that we have new names and logos, but I just want you to hear that we had that root of that back in 2021.

**Speaker:** So absolutely.

**Speaker:** Thanks.

**Speaker:** Thank you councilor.

**Speaker:** Okay, before you start on the next item I'm going to ask is a separate item. Diego, could you please read the second item.

**Speaker:** Item two discussion on preliminary budget recommendations related to homelessness and housing.

**Speaker:** Thank you. As I mentioned, this is going to be a high level overview of the budget to understand where all the pots of money are located that fund this web of housing and homelessness programing. We're going to have two panels. Our esteemed colleagues from Portland solutions and the other from our community and economic development service area. And there will be time after the presentation for a good amount of questions. So please take it away.

**Speaker:** Thank you. Chair, for the record again, skyler brucker, director of Portland solutions, I will do this initial part of the Portland solutions budget overview and then have time for questions. And then the community and economic development team will be up and do their presentation and offer ask have time for questions after that. This is concerning a discussion and overview of the budget recommendations that will be before the mayor and the council for both Portland solutions and the community and economic development service area. As we mentioned, the beginning of the presentation will focus exclusively on the budget recommendations for Portland solutions. And then we can have questions and

discussion. This slide outlines just the agenda for the presentation. Thank you. In the first section, we'd like to take a moment to overview the budget before digging into the specifics with granularity. This slide provides you with an overview of the programmatic areas and their budgets. For Portland solutions. There are five budgetary areas, including shelter services, the impact reduction program, the street services coordination center, and the public environment management office, or pmo, and the Portland solutions admin or operations costs. While we were digging into these programs and budgets, more specifically, I wanted to highlight just three pieces for you all initially. First, you'll notice a substantial increase in the shelter services budget, which is due to the mayor's new emergency overnight shelter package, which you've all seen before. So really, those existing shelter pieces, plus the mayor's proposed overnight shelter package. This will be implemented by the shelter services team. And so falls within that budget as well. I also wanted to note the decreases in the irp and pmo fiscal year 2526 budget asks. But those numbers are due to underspending in previous years, and that underspending was carried over into the current fiscal year in last fall's supplemental budget, which is driving those differences. So we're kind of rightsizing back to just the actuals in fy 2526. There's a slight increase in the Portland solutions administration budget to support one fte limited duration admin support specialist position. We're going to get into the specific decision packages that will be in front of the mayor and council. You might have seen in administrator jordan's recommendations. The first decision package for your consideration is a continuation of operation of the city's alternative shelter sites with, like I mentioned, with decommissioning of peninsula crossing this spring and the sunderland rv safe park in a separate decision package. This recommendation includes what will be our eight shelter sites. This package includes a \$7.4 million

carryover from encumbered shs and general fund resources, leaving a funding gap of approximately \$34 million. This number is a snapshot of just like current best guess and forecast. It's fairly low confidence, but is our best current understanding. We're evaluating the arpa that's the federal funds urine projection with our grants team. And this was previously thought to be higher. But we have we will have a more precise number in the spring technical adjustment ordinance for your review. Just to flag I previously have presented where we said we thought there would be about 11.4 million in carryover. It's looking to be about 7.4 million. Again, we'll have a better precise number during the spring adjustment, but really are getting kind of different forecasts at different times. And we're trying to drill down on the precise number. We're working to close the gap in a number of different ways, including funds from other agencies. Multnomah County, metro, the state, for example.

Thank you. The second decision package is for the continuation of operations at sunderland rv safe park. This was a priority that was called out by many members of council. Working with our partners at pbot and the port of Portland, we were able to secure a lease for pbot's operations, allowing us continued access to the sunderland site itself. The site serves unsheltered individuals living in rvs and provides them with a safe place to park their rv, while being supported by wraparound services. Getting both the rv and these individuals off the Portland streets. The recommended ask for \$2 million would be for continued operations through fiscal year 2526. It's currently funded with current money until the end of September, so giving you all an opportunity to decide if you want us to start decommissioning in the summer or if you want to fund it on an ongoing basis for an annual operations cost. It is about 2.6 million. But again, we funded it through the end of September. This decision package is mixed in that mayor Wheeler had directed Portland solutions, along with other bureaus, to make cuts to general fund

monies. Last year, part of the submitted cuts were realignment and an 8% general fund ongoing reduction. That reduction was not recommended by the city administrator. Part of this decision package is a one time general fund. Ask for a limited duration administrative support specialist. So not to get too confusing, but there's a little bit of money for one position basically. And then we had done the 8% cut of operations and then that was not recommended. So it will be for you all and the mayor to decide if you want to take that cut going forward. The fourth decision package recommended by city administrator Jordan is the emergency overnight shelter package. This is what we were talking about with Mayor Wilson. This ask would support a 1050 additional nighttime shelter beds. That's assuming that we stand up about 450 overnight shelter beds this fiscal year. So that gets to that 1500 shelter number that you've heard from Mayor Wilson. It also includes four day centers, one for each district for day storage sites, also one for each district. And this is part of the mayor's vision and commitment to end unsheltered homelessness in Portland. That other 50%, if you will. We estimate that these program costs will be approximately 52.3 million over the next two years because of state budgeting and the biennium, we've created cost projections and budgeting for those two years. The next decision package is for the continued operation of the street services coordination center team or the city's outreach team. This is a recommended request for one time general fund resources that would support five FTE or staff of the city's outreach team, which engages unsheltered individuals to offer shelter, transportation, connection to other resources. In addition, this decision package also provides a cash transfer to Pbot for disposal of derelict RVs. That's something that we've done the previous year to really support that program because of the deep need for RV disposal, the impact reduction program has various uses and sources. I'm just going to give you a high

level, and then we are always happy to dig into the details with you. All. The irp is a centralized campsite removal program, or the impact reduction program that allows for citywide program management, campsite assessment, removal, and property storage practices and procedures. Approximately 91% of the program is contracted services, with the cost of campsite removals making up the program's largest share of costs. Additionally, this program includes micro trash removal by glitter and trash for peace laundry service by trash for peace, which you all visited on your tour and day storage facility operated by central city concern. Funding for this program comes from a variety of sources, including interagency revenue, so interagency agreements from different property owning bureaus within the city of Portland, odot, the state transportation agency, as well as the solid waste management fund, the city administrator's recommended budget funds the program irp in fy 2425. At the fy fiscal year, 2425 adopted budget levels. Adjusted for inflation. The program is supported by five city staff. The recommendation, the recommended budget, does not include the 8% ongoing general fund budget reduction of approximately \$428,000. This would allow us to fund 25 campsite removal crews and maintain service levels for the rest of the program. If we were to make that 8% cut, it would cut about one crew camp removal crew. So the equivalent of kind of 24 teams instead of 25, the public environment management office or pmo. This includes their base budget as well as 1a1 time decision package. Pmo was established in may of 2022 by mayor Wheeler to address public space management, including space activation and cleaning. The office has 2.5 million in a base budget from ongoing general fund money, and we are asking for 2.5 million and one time general fund money for programmatic efforts such as lighting and trees, graffiti removal, wayfinding and murals. There was an ask to bring cuts to the general fund money, but city administrator jordan did not recommend those cuts.

So this decision package and base budget are recommended to be supported in full. Having walked through some of the previous decision package, we would like to outline some considerations for this committee. First, we would like you to consider that negotiations are underway for supportive housing services dollars, Multnomah County and state funding to close those funding gaps for the city's alternative shelter sites. As those contributions are realized, we will keep you apprized as to any commitments that are made. I mentioned the \$10 million in general fund from the county that has been committed. There's also active negotiations with the state legislators and the governor's office. Similarly, mayor Wilson is in conversation with a number of stakeholders and agencies to assist in funding the overnight shelter program. We recognize there is a lot of uncertainty for access to funding for placement of our participants out of shelter, so we pulled together relevant partners to creatively address housing placements for all sites. That includes partners within the Portland housing bureau, Home Forward, the independent housing authority within the city and the county, as well as partners at the county community solutions, leadership and others who really do know the best ways to creatively address getting folks from shelter into housing. We are not developing any additional alternative shelter sites as of right now, so which from a budget perspective, will greatly reduce our capital costs that we've experienced in previous years. So development costs aren't something that we're looking at right now. One last note is that we've not budgeted for decommissioning of any of these shelter sites, so it's something to think about as you move forward. There is a cost associated with closing a site down, storage of tiny homes or pods or movement to a different location. So I just wanted to flag that for this committee. That concludes our presentation. I think we have a little bit of time for questions before community and economic development folks are going to present. I also have Shannon Fairchild

here for specific finance questions, and we're always happy to meet separately with each and every one of you. Thank you.

**Speaker:** Colleagues. Any questions? Councilor morillo.

**Speaker:** Thank thank you, chair. Dunphy, thanks so much for your presentation. This was a really helpful 30,000 foot overview as we're trying to wrap our heads around this whole process, I have just a few questions. One is I saw in one of the slides it's a 1 million cost to, you know, remove the derelict rvs. And I was curious if that cost is associated with rvs that are like truly irreparable. Okay. Because I know, you know, there's some debate about whether we should fund the sites to actually have a place to park them or if we should be paying that much money to get rid of them. And I was just curious if you could go into a bit more detail on that.

**Speaker:** Absolutely. And I might defer to hank smith on this, but you're correct. So we think of it kind of as a two pronged approach for rvs that are in decent enough shape for folks to still be staying in, that aren't environmental hazards or safety hazards. Basically, we want to provide those spaces with sunderland rv park or north Portland road site, and then we also are in need of increased removal and destruction money. Basically, for those that are truly not fit for human habitation. Anything else?

**Speaker:** Sure. Yeah. And it's a subsidy of the costs that pbot bears to recycle and or destroy the rvs. So these are the ones that are removed from the roadways stored for a month at the lot. And some folks do recover them when they follow the appropriate procedures and if needed, pbot does waive the tow fees for individuals, but but those funds are specifically intended to help pbot address the fact that generally, there's no other money allocated to destroy vehicles that are towed from the right of way.

**Speaker:** And is there a cost per day for us to hold those for 30 days? And is that the amount that someone would pay to get their vehicle out, or is that money that's kind of lost as we're holding it in storage until it's destroyed?

**Speaker:** That's a good question. Councilor. So generally we have a storage lot, giles lake, and I don't know the budget for running that. So I couldn't evaluate on a per vehicle basis. But when there's overflow, we pay \$25 a day I believe, to certain towing companies to store vehicles for us. When somebody recovers a vehicle, generally they're paying for the towing fees, not the storage lot fees, per my knowledge.

**Speaker:** Gotcha. Thank you. I'm also curious if at some point, as a council, we and maybe this is a later time, not anything I expect you to have in front of you right now. But if we could get an analysis comparison of what the budget is going to look like, if, you know, I'm thinking about the federal government is going to probably cut. I mean, they've already started to cut a lot of court, cut off a lot of funding for our partners who provide housing either long term, short term, some shelter, some actual apartments, that sort of thing. And we're in the process, as a council of listening to the mayor's desire to build and expand new shelters, while also, I'm thinking about all the employees and all the infrastructure that might be lost if the federal government has its way. And I'm kind of seeing, I would be curious to see if there is some sort of like worst case scenario modeling of what happens, because it seems to me that if you're going to stand up something new, you're going to be facing a whole new learning curve of how to do that and get employees routed to that. When we have existing employees who are doing that work, who've had that institutional memory, who might be in a very dangerous position right now due to the federal government, is that something that we're looking into that could be presented to council at some point?

**Speaker:** Yes. I don't want to speak for others, but I will say I'm an ongoing conversations with folks about if we are to lose kind of for example, hud administrative kind of specialist folks who have been doing that work, those staff, I think it does sound like there is interest on a bipartisan basis to continue a lot of those dollars, like, for example, the community development block grant dollars that go from hud to the city and to other entities. There is, you know, republican support in budgets for those dollars. However, if you don't have the staff necessarily to manage those funds, I think that's when exactly what you're saying comes to fruition. So really understanding how best to apply for that money go through those processes without having substantial amount of administrative help and support that we have had in the past. I think that's something I'm particularly worried about. And so we are talking actively to our different government partners and our federal affairs team within the office of government relations, on how they see that process moving forward. I think there is a real possibility just from kind of whispers and indications that we will not have staff necessarily to oversee that funding, even if we have the dollars. So it could result in delays. We have to really be proactive, I think, in putting out applications now, going through those processes in the most efficient way possible to support those teams who really will likely face some cuts. So it's not my area of expertise, but we are talking to all the folks who are engaged in that process. Every day. There's amazing folks at the Portland housing bureau who've been working with those funds and those teams for a long time, and have a lot of that institutional knowledge.

**Speaker:** Thank you, skyler, I appreciate that.

**Speaker:** Yeah.

**Speaker:** Councilor Ryan.

**Speaker:** Yeah, real quick, I want to make sure I tracked what you were saying about the budget in terms of our our mayors doing a great job of being persuasive. It sounds like with other government entities and even those in the private sector. And so we look at the numbers we're looking at now doesn't include those promissory notes, if you will.

**Speaker:** Correct.

**Speaker:** Okay. Correct. So I think as we go through this fast, you know, this budget journey, how will we be able to get updated information on that? And do you have suggestions on if it looks good. But we have to wait for salem to adjourn and end of June early July. Then we can do an adjustment at that time. You're nodding your head, so you're tracking what I'm trying to say, even though I'm not sure what I just said.

**Speaker:** You're. Well, you're completely correct, councilor. So I think we put in those decision packages, which I think is really helpful. Just clarification. So we put in those decision packages based on everything we're going to need. So this is the need I am trying very hard. And so is the mayor to cut down that need based on conversations with other governments and other potential funding sources. So it will reduce that amount basically. But we wanted you to know, kind of the full picture that we were budgeting for, and then we will reduce that amount based on commitments from other jurisdictions. I will try to figure out maybe the best way to update you all. I don't know, every couple of weeks maybe or every week. It is a changing landscape. Obviously, there are a lot of conversations happening, and I think the legislature in salem is obviously going to be the latest kind of commitment that we see. However, we are we have been in discussions with the housing and homelessness committee for the state for a long time. Our government relations team has been working with other cities. And that committee on specific

allocations. So I do think there's good indication we have a really good idea of the commitment. We won't know for sure until they pass that budget, but I think we're able to at least tell you with some confidence what those discussions are and what those commitments are looking like.

**Speaker:** Okay. And my suggestion would be to have the budget office help translate that because it's new, I think, for our budget office to think about these variables. And so it would really be helpful. Absolutely. Okay.

**Speaker:** Thank you.

**Speaker:** I'll ask. And then just another plug back to the data, which we talked about in the first questioning in the earlier report. I hope that we can start to really track people that are going from the shelters into housing, and so we can then longitudinally track them as people to see. So we have better information about where the practices are, are getting better results, because really we just want people to be out of the inhumane conditions on the streets and to be housed, and we want them to be there three years later. And it's been hard to ever track the success of that through a longitudinal lens. And I think until we get that into the ecosystem of this, it's going to be more difficult for us to make smart choices.

**Speaker:** Yes, absolutely. And something that the steering and oversight committee is really particularly interested in and what works well, how people can stay housed, once housed all the services kind of required for that. And I think I think there's just room for growth in terms of case management services and kind of on site services for a lot of these housing locations.

**Speaker:** I think it's one where.

**Speaker:** We in theory, we've all been excited about it for four years, but I haven't been able to ever track the actual action and see those inputs being acquired. And

then we could actually see outputs that have validity to them. So I just hope the culture can continue to take that on.

**Speaker:** Absolutely. And I think.

**Speaker:** Really helpful.

**Speaker:** Quality data will be a huge part of that. And so I'm really hoping that we get this initial data project completed so we can see what we're working with and then see where we need to maybe add some data points to at least follow that.

**Speaker:** We're not built for zero community. And I know we've been slower than most cities across the country to embrace it, so hopefully they can keep learning from partners that are doing the same work in other cities.

**Speaker:** Absolutely. And we just recently met with the community solutions leadership team, and they had a few different cities that they kind of pointed us toward for exactly that. Lessons learned. And Denver, for example, is one that is doing some really interesting work and just gave us kind of the do's and don'ts of what they've seen in the last year.

**Speaker:** Thank you very much.

**Speaker:** Thank you.

**Speaker:** Skyler, I think the work that you all are doing is amazing. I think the individual individuals doing the work across the city and each of these projects by themselves, are the kind of work we need to be doing. But I also am really concerned about costs. And I'm noting, you know, I note that in this work, very few, relatively, very few city employees or county employees are doing the work, and a lot of it is contracted with nonprofits, which have enormous overhead. A previous City Council hearing, councilor Green, pointed out that there were over 100 people in executive roles on that chart that was shared in a previous thing. It showed that we were spending roughly \$375 million on a homelessness response, 150 million of

which went to executive or administrative costs. Is this the model we should be pursuing, or should we be having a more fundamental conversation about the, the cost of the work and who is actually doing it?

**Speaker:** Yeah, I think it's a great question, chair. So I would say that conversation is actually taking place right now and is something that we are watching, frankly. And I do think it depends on what you're talking about in terms of contracted work. So, you know, you could say that somebody is administrative, but they're actually an outreach worker. You're paying staff, but they're actually doing work on the ground. It's not somebody sitting in an office who's kind of managing a contract. So I do think there's an important difference and distinction that we need to draw in terms of who's doing the work, what work they're doing, and then how you differentiate that kind of from a budgeting standpoint. But one thing that I'm particularly interested in right now is working with kind of our shelter services team on this request for proposal that we just received. So different contracted providers who we can now, from a city perspective, manage directly. As councilor Ryan mentioned, we've done a good job of managing urban alchemy. It's our only direct contract we have. I think there are efficiencies to be created in terms of managing from a city perspective and then contracting, but you also have to hold that accountability with the contracted provider. And not all contracted providers are created equally and some are more expensive than others for different reasons. And are they spending that money the way we want them to spend it? Are they spending it too much on overhead, or are they spending it on case management, which is something we really value from a provider perspective, at least at a shelter. So one thing we're looking at is where could we streamline maybe some of these services, where could contractors grow and learn? You know, we stood these up pretty quickly and we've learned a lot. And I think it's time to renegotiate contracts.

This mayor is very interested in streamlining costs and services, and really looking at it from almost a business lens of how we deliver the best results possible at the lowest cost. So that's something our team is actively working on right now. And I think there's a lot of opportunity there. And so with this budgeting process, we've given you kind of what we need. I'm hoping I can maybe cut that down a little bit. So we're looking at that right now. I will just say from a different perspective, the impact reduction program has five fte and they run an incredible program. It's very efficient. They've really worked out a lot of kinks. And I think there is a benefit there from a legal perspective, frankly, liability and providers who contractors that we've worked with for a long time who actually adhere to a lot of our settlement agreements, state city law, that can be pretty confusing and difficult. And so there's a lot of other reasons besides cost that I think lend themselves to contractors.

**Speaker:** Okay. I will say, I feel like we need to do a better job in general, at the very least, explaining to the public what they're getting for their dollars. I mean, I think you're totally right that some of those folks are categorized in this spreadsheet as admin, but they're out there doing the work face to face, you know, helping people who desperately need help. We need to be able to demonstrate the value of what we're showing. And right now, I think to the average person watching this at home, it just feels like enormous piles of zeros for a situation that often feels like it's not getting better. And also hearing that our, our stated goal is 50% reduction. That doesn't feel good. And I know that there is really good work, and I know that there are really good stories to be told, and we just have to be really thoughtful about how we're presenting our information to the public so that we keep the, you know, the goodwill of the people.

**Speaker:** So absolutely.

**Speaker:** Councilor Ryan.

**Speaker:** I just wanted to acknowledge thank you for this great report. The other members of your team, I see a few there. If you could, hank, brandi, could you all stand up and be seen because you're a part of the team that we've been talking about the.

**Speaker:** Whole time?

**Speaker:** Raise your head.

**Speaker:** Up high, russ. There they are. Yay! Thank you for your work.

**Speaker:** Absolutely. Thank you all. Thank you. And thank you for all the hard work you guys are doing.

**Speaker:** Thank you. We appreciate it.

**Speaker:** Okay. Our next.

**Speaker:** Panel will be the housing development and stabilization funding and the implications of the preliminary budget recommendation. I'm going to turn it over to deputy city administrator donny oliveira.

**Speaker:** Thank you. Chair. Good afternoon. Councilors. Don oliveira, for the record, my team get up here and I think we get the deck going to please. All right. Thank you. All right. So chair and councilors. So for today we're going to as requested highlight some of the items in the city administrator's preliminary budget recommendations and how they relate to or impact housing in Portland. And given a lot of the questions we've been receiving lately, given the zeitgeist with the federal government and our own budgets, and we also thought it'd be prudent to provide a broader context for you and the public, which will focus on funding and other financial realities related to, you know, housing production that may not necessarily directly be resolved in our budget, but are certainly material to the housing crisis and what we're solving for. So we're going to we're going to touch in on that. And

also director is also going to dive into some of the federal funding elements. So let's do that next. Next slide. Are we good. Okay. Thank you.

**Speaker:** I'm sharing.

**Speaker:** Grab it. There we go. There it goes.

**Speaker:** And you can just go to slide four already angela.

**Speaker:** Yeah.

**Speaker:** Can you just go to. Yeah. There we go. All right. So let's talk about housing production for a moment. Again, it's been talked about quite frequently. So just to not bury the lead. Most of the housing that gets built in Portland does not receive financial support from the city. In fact, we rely on the private sector for to finance and build a majority of the housing in our city. And that's pretty standard. That's not unique to Portland, but often we put a lot of pressure on our public sector dollars to do a lot of lifting. But if you look historically, really only about 12% of the homes built in Portland over the last ten years received fb or prosper directed resources through housing bonds or tif. But also there's just a little like built in resources that we talk about through sdc's that the work, our infrastructure bureaus contribute to the development of these, that are sort of hidden investments that the city is making. But broadly speaking, we really rely on the private sector and a lot of a lot of ways, a few percentage of units receive financial incentives through fwp, also through property tax exemptions or sdc waiver programs. But I also want to acknowledge that the sdc program also helps provide amenities and services through our development structure that are essential to the livability of our city. So there's always a tension that we're we're balancing there not to take away the funding that helps us build our city outward. And as I alluded to, infrastructure for large sites, it's really important for us to think about these master plans and these larger developments and provide project specific investments,

everything from parks and through our partners with the schools. As we think about broader intensity of density, ensuring that we have the right resources and services to accommodate, you know, emerging neighborhoods. And that's really important. And that's often led by by prosper and infrastructure bureaus to help think about that through master planning. Examples of that would be like the pearl district, south waterfront, and then hopefully very soon on the broadway corridor. Or excuse me if I trust the lloyd center. Those are the sort of larger projects that we're looking to in the future and that we're going to support through infrastructure and investments. But largely speaking, the city of Portland's role is to help create the tools and the toolkits that developers and builders can utilize to build more housing. And you can look, most much of that investment happened prior to 2015, and we're trying to build up that that pathway for larger multifamily multi dwelling housing, because as you can see, if we're going to hit our targets, we're going to be heavily reliant on multi-dwelling high density housing production over the years. Next slide please. But really so how does the city influence housing when we don't have tif dollars or bond dollars to distribute? So we also offer the financing incentives that I alluded to, whether it be multi or multi programs, sec exemptions, zoning bonuses, etc. And but largely this body and your with your counterparts at the full council will have an outsized role in looking at our zoning and development codes, looking at sdc requirements and other infrastructure investments, to think about how we, again, provide those tools and those those sideboards and guidelines for how we want housing to be built in Portland. And just this graph really just illustrates how those different influences and elements serve housing across the ami spectrum. So our tiff and housing bonds focus largely on our lower income communities. That secondary tier of financing and incentives cover a broader range. And then obviously all regulations apply across all housing

production. And before I hand it over to shay, I just want to acknowledge and thank chair dunphy and councilor avalos, who joined the mayor last week on a multifamily development kickoff meeting, which is really designed to unpack what's possible utilizing the various tools in our tool kit with the city and the state to ensure that we are maximizing that that potential for the city of Portland, because I don't think it's lost on anybody here. We are far below meeting our targets, both historic and current, and we have a housing crisis at our at our doorstep. So what are we going to do to unpack and unlock that that housing that we need? And speaking of unpacking, I'm gonna hand it over to our prosper executive director, shay, to sort of talk about some of the projects we're working on and talk about unpacking those funding layers. So, shay, the floor is yours.

**Speaker:** Thank you, donnie, and good afternoon, councilors. When I started this, for the record, my name is.

**Speaker:** Shay flaherty, but I'm currently serving as the interim executive director of prosper Portland. I use pronouns like he, him, and I. So if we go to the next slide, I think a key takeaway I want to focus on is just for the projects that are receiving funds from the city. Our investments are typically among several resources that are stacked together to provide all the necessary money for a project in the industry. In that jargon, we call it a capital stack. And so you can actually see an example on the screen from the fish building, right? You see both prosper, Portland, tiff, tiff that is part of the affordable housing set aside with the housing bureau are coupled with things like new market tax credits, bank loans, equity from a developer or low income housing tax credits, all that comes together. But what I want to stress is that prosper Portland's role here is outside of the 45% tiff set aside. That is the affordable housing set aside within the remaining 55%. Those non set aside tiff resources were often at prosper Portland, placing those towards middle income

housing and infrastructure, such as the example that you see here on the slide. And as Donnie mentioned, beyond project specific investments, we have also historically provided funding through Prosper for infrastructure and larger sites and areas such as the Pearl District or South Waterfront, which have helped facilitate development without passing on that cost to individual projects. Now, if we go to the next slide, a lot of information here on this slide, I just want to point out the key takeaway is that for the next few years, we have very limited funding to support middle income housing, very similar to our peers in the housing bureau. But if you look on the slide a few points over the past ten years, and I want to appreciate the team's creativity as part of a prosperous financial sustainability, we've placed a limited pool of resources in a revolving strategic investment fund that does allow us to invest citywide, in both small business and middle income housing projects with lesser risk profiles. This is different than the high impact, high risk investments that we usually make inside TIF districts. But if you look at the chart and you look at how the numbers go up and down over time, the main point here is that through fiscal year of 2030, we're mainly spending down existing TIF and new TIF resources become available starting in fiscal year 2031. And so other colors in the bars that you see on screen represent a lot of the team's creativity. While we're in this moment, in this period of time where we have that gap in resources, a great example of that is the collaboration with the team at the Portland Clean Energy Fund. We are now so grateful to be using PCF to support projects that support middle income housing and conversions, from office to residential. I'll also note this is why our legislative agenda and our partnership with the office of government relations is so focused on securing resources for catalytic projects like Broadway Corridor that will generate more housing. I think with that, I'm passing it to my colleague Helmy.

**Speaker:** Yeah. Next slide. Good morning. Helmy, for the record, director of Portland housing bureau. I use she her pronouns. Unfortunately, the legend on this graph is missing one of the color schemes. But I will explain. Try to provide an explanation for you. So this is a this is a snapshot of the forecast of the Portland housing bureau budget until 2031. So from current year until the future, what you can see here is that. And let me just say I something is incorrect in this because the first bar which is short is not correct. So I don't know exactly what happened with this slide. Essentially our current funding, this is unrelated to the mayor's budget, because most of our funding comes from sources such as the Portland housing bond, the metro housing bond, pcf, and federal grants, as well as the tif district set aside dollars. So our funding is primarily coming from sources outside of the city general fund. What you can see is those sources, which are a combination of capital resources for housing development and some operating and operating funds are on a downward trajectory trajectory, largely because we are expending the bond funds. And as we expend them, there's no new bond in place. So we are essentially like prosper Portland using our capital dollars, our remaining tif to construct housing. But in the we will be essentially out of capital dollars by 2027. We'll fully we'll have fully expended our capital funds, and we will be in a planning mode, focusing primarily on providing services to folks that are in housing distress information and also planning for future development, planning for future funding. So and anticipating tif funding in 2030 or 2031, where we'll have the opportunity to bond the new tif districts and have additional capital. So we're we're going to shift modes from construction towards more of a planning focus. We have as as you can see in this slide on the upper left in the in the blue box budgeted funds, we have 66 million in metro housing bond funds that are budgeted. We have 12 million in Portland housing bond funds budgeted, approximately 60 million in pcef funds,

much of which will be going into an upcoming nofa for preservation. We have \$39 million in budgeted federal funds and about \$105 million in existing. This should be \$10.5 million in existing tiff that is being expended. We anticipate some new funds coming in, including pcf 1.1 billion in future tiff starting in 2030 home dollars. We have an annual allocation of federal home, which is used for affordable housing production and community development. Block grant. We have an annual allocation of 8 million, so those are funds that we do anticipate coming in and that we will be budgeting when they when we realize those dollars and then the possible new funding sources in the future that we're currently evaluating and hoping that we can identify these as new opportunities. But they are not secured and they're not budgeted at all. Are the metro housing shs has been as a potential source of future capital dollars and a potential new housing bond, potential federal grants and an allocation of state housing funds. Those are all sources we're exploring for future capital development of affordable housing. Just to be clear, the housing that we focus on is for households earning at or below 60% of the area median income. And in plain english, that's for a household of four, earning about \$82,000 a year, and at rents at or below \$1,600 a month. And we go down to 0% of ami. So working closely with Portland solutions and the county office of homeless services to identify housing resources for folks also coming out of homelessness. So it's a full range. Let's go to the next slide. What what this slide shows you is the actual production that we've had in affordable housing between 2015 and 2025. And what we're forecasting looking forward. And there's four types of housing. I think donny oliveira spoke a little bit about some of the sources. So just walking you through this, the dark blue is the funded subsidized multifamily housing, which has been funded primarily through bond funds. The sort of slight peach colored is. Inclusionary affordable housing. So those are typically in multifamily rental, and

they are inclusionary units that are part of the market rate developments over 20 units. So we have had a pretty steady flow of inclusionary units. But as market rate production has tipped down, we've had fewer of those units. The next line is the. Subsidized homeownership. So we have a small amount of subsidy going into homeownership, where we provide first time homebuyer assistance and down payment assistance. And then finally, sort of the good news is the homeownership, the incentivized homeownership, in partnership with the bureau of planning and sustainability, who's been working on middle housing, zoning, the homeownership incentive programs home, which is known as typically holt, which is homeownership limited tax exemption, as well as some sdc fee waivers, which we process that has actually resulted in an increase in affordable homeownership opportunities throughout Portland, through the through the zone changes and the incentives. And we see those that growing. So just in a nutshell, the average production for the past ten years for all affordable housing has been about 778 units a year. We have a production target or a need of about 1500 units a year. So we're meeting about half of the need, and we are currently forecasting, without any new funding resources, about 425 units a year into the next five years, most of that being a homeownership incentives, which are actually slightly higher than our 60% ami. So it's a little bit more, but we're excited that we will continue to incentivize affordable homeownership. We anticipate about 185 units of rental housing in future years without any additional capital. And then lastly, i'll just walk through briefly on the federal funding. Let's go to the next slide. So on the federal funding, Portland housing bureau currently has a budgeted \$22 million in federal funding. We have a total of \$39 million forecast over the next five years. So we anticipate additional funding that's not budgeted for this fiscal year to be coming in over the next few years. At this point, we have not seen any reductions coming into the

federal funds. We are tracking it very closely with our other federally funded partners throughout the region. And what we're looking at is really trying to size up what the impact of the executive orders are, both in terms of policy shifts at hud, which are pretty significant, as well as the staff cuts to hud, which we think is the good news is, is we think the funding will stay put. The downside is we're very concerned about with the staff cuts, whether or not we're going to be able to process the money very quickly. And again, working with our federal, federal partners in the continuum of care, with the housing vouchers at home forward and with federal and indian housing, how all of these are going to be playing out within within the local region and with the impacts to households that are dependent on federal funding. But right now, our budget is intact. Thank you.

**Speaker:** Next slide please. So now we're going to dive specifically into the budgets in the preliminary recommendation. As a reminder, in the fall of 24, mayor Wheeler directed service areas to put forth reduction packages of five and 8% for this service area. We actually held pad permitting development harmless from that cut. Given the forecasted revenue shortfall, which we're going to talk about in a second. So prosper and housing graciously absorbed, which was approximately \$180,000 into their cuts. So over the next couple of slides, we'll hear from housing and how those cuts are manifested in their programs, specifically bts and prosper. And under their cost reductions were impacting housing. And then we'll dive into the permitting development shortfall that you've been hearing about. And so let's go. Next slide please. Help me okay.

**Speaker:** So as mentioned earlier we have a relatively small portion of general funds in the Portland housing bureau budget. It's roughly 6% of our budget. Before the cuts we had about \$12 million of general fund allocated to the bureau. Our cut is a 10% cut of 1.2 million. And that will impact us by decreasing services that we

would typically fund through our general fund, such as the down payment assistance program. We are going to be reducing that by \$400,000, which is equivalent of about 3 to 5 down payment assistance loans. We won't be able to provide a reduction in our eviction legal defense program. We do have these programs moving forward. We are reducing the service levels in terms of eviction, legal defense. We're seeing a 7% reduction in the service level and roughly impacting about 65 households. And then finally, a reduction of \$400,000 in our home repair grants, which is a 20% reduction in our service level. We will continue to maintain these at prior year service levels, so we'll see some relatively low change in terms of the service levels. These were projected increases that we've cut back on as a result of the reduction in funding.

**Speaker:** Next slide please. All right. I believe this one is mine. Good afternoon councilors. My name is David Kuhnhausen. I'm the permit. I'm the interim director of Portland and permit Portland permitting and development. Excuse me. As many of you have heard via our briefings. And I want to acknowledge that district two has not yet had that briefing yet. But we will be meeting with you tomorrow. And as Donnie alluded to, this bureau's funding is 98% based on fees that we receive from the development review process. So only 2% of our fees come from the general fund. This funding model has allowed this bureau to build a pretty healthy reserve during times when there's significant development through the city. Conversely, this has also meant that we operate below cost recovery in times when there is a downturn in construction activity. During these times when there's slow activity, we utilize our reserves to ensure that our staffing level is commensurate with our permit volume and that public facing services are maintained, and especially those that we provide to the public free of charge. As you can see in this graph, after the 2008 recession, starting in about 2013, we saw a significant increase in

development. Portland became one of the hottest cities in America to build in, and at one point in 2017, as I'm sure you all read or saw with your own eyes, there were over 20 cranes on active construction sites throughout the city of Portland. During this time, our revenues and our reserves grew pretty significantly. However, we hit a peak in about 2018, and by 2020 we started to draw on those reserves more quickly as development activity slowed due to the pandemic. After the pandemic, there were issues that were all well aware of high interest rates, low property values, low investor confidence and a pretty negative perception of Portland as a place to build that have kept Portland from bouncing back as quickly as we thought and hoped that it would. So since that time, pad has been maintaining core operations largely through the use of that of those reserves. And although we put into place a number of cost saving measures, we're currently on track to fully exhaust that fund by fall of 2026. Our current revenue levels are nominally nominally about the same as they were ten years ago, and although we've raised permit fees several times, the cost of providing services is much higher now than it was in fiscal year 201415. This is mostly driven by higher labor costs, and as we look forward into the fiscal year, fiscal year 25, 26 and beyond. Pad and the city are going to continue to face rising costs in this area. So again, 98% of our revenue comes from fees with with general fund making up the remaining 2%. That 2% goes specifically to neighborhood inspections, noise and the liquor program. While we have received some infrequent one time general funding, the bureau has not received any ongoing general general fund assistance for any permitting functions since fiscal year 1617, and that at that time it was less than \$400,000 that was devoted specifically to our land use services team. Since then, no ongoing funding for that for the bureau. Next slide please. Our financial advisors expect the construction downturn to last through fiscal year 2526. And as I previously

mentioned, based on our current draw on reserves, we're going to exhaust our reserve fund around the same time that we start to see meaningful construction come back in the city of Portland in order to avoid drawing our reserve balance down to zero, we need to reduce expenditures by approximately \$16 million. Now, our bureau's highest expenditure is staffing, and while we've eliminated vacancies, that is going to that will save us approximately \$2 million. That leaves a \$14 million gap in expenditures that we need to reduce by in fiscal year 2526, in order to meet 100% cost recovery. While we're in the process of identifying those positions currently, I want to remind council that we laid off 74 employees at the beginning of 2024. The current target to achieve 100% cost recovery is another 74 employees. If that's realized and when you include attrition and we had five people submit resignation or retirement in February alone, that will bring the total staff reductions in the bts core. Again, pad was created with some of the infrastructure bureaus. I know you've all heard this, but we did see an increase in the staff numbers total. But in the bts core, that's going to reduce the number of staff by 218 individuals since the beginning of the pandemic in 2020 and 180 since the beginning of 2024. That equates to a 53% reduction in the last five years and a 48% reduction in the last 18 months alone, give or take, depending on when those layoffs are realized. While we have every intention to find ways to maintain high levels of customer support, a 48% reduction in staff in that period of time is very, very, very difficult to mitigate. Staffing reductions of this magnitude will absolutely be accompanied by negative impacts to permitting and inspection timelines, including the timelines associated with both multifamily and single family housing development. It will impact our ability to respond to nuisance and housing complaints in a timely manner. It's going to impact our capacity to offer free services, such as consultations with customers, 15 minute meetings, participation on technical

advisory committees, so on and so forth. It will impact our turnaround times to respond to customer phone calls and emails, and there's a strong potential that it's going to eliminate entire programs as well as many other impacts. So again, we have not identified all the positions at this time, and we're going to have a better sense of the impacts when that's complete. But I don't see a scenario where service deliverables are not impacted. We will need to engage in a collaborative effort to understand the services that need to be prioritized and retained, and communicate to the public where services are going to be reduced and or completely eliminated. So I want to thank you all on behalf of pad for the support now and in the future, especially so we can provide those essential services to the housing and development shelters and other supportive functions in the city of Portland. Thank you.

**Speaker:** One more slide. Yeah.

**Speaker:** I thought this was you.

**Speaker:** Yeah. So the last note just want to flag and I'd love to pick up the conversation about ppd again is in the recommended budget. We had asked for consideration for ongoing not ongoing. Excuse me an additional one time general fund allocation to the permit improvement project. This is a team of individuals that's been working with p and d, the infrastructure bureaus, bts and others to improve permitting processes, evaluate code alignment. Really, it was work that actually was initiated by then commissioner Ryan when he was the commissioner in charge of bts, to really contemplate how to improve our processes so that that funding runs out in June of 25. And so we were requesting resources for that. In a note, I want to thank the housing bureau for finding resources in a recent grant to fund one of those positions, but we'd love to fund two more for that continued work, because I think it's really valuable to help reduce those costs that that david

was kind of alluding to from a process perspective, and I believe that is the last slide. And councilor, I just want to acknowledge, because it came up yesterday related to pad and the fees related to permitting. Another one of the committees is requesting that we come with other bureaus to discuss permit fees. So I think we'll be coming to the transportation infrastructure bureau, excuse me, committee next month to have that conversation. And on that note, along with the consideration of the \$60 million shortfall with positions, there are other levers to meet that gap. And, of course, there's fee increase, potential general fund, one time solutions. And just as a note, this current fiscal year, general fund one time is providing \$2 million of support as we weather the downturn in permitting activity and open to questions.

**Speaker:** Excellent. Thank you very much, colleagues. Councilor Ryan.

**Speaker:** Thank you all. Great presentation. I wanted to actually zero in on the talented group of people who do the permitting work. How long does it take to train somebody in a position like that?

**Speaker:** That's a great question. And it does depend on the technical expertise of the staff. But nine months at a minimum, and those more technical positions generally closer to a year, if not 15 months.

**Speaker:** So perhaps it was a different source of money. But I know that in 2021 we were facing a similar circumstance where we were going to have to lay off a lot of our professionals and permitting and arpa money saved us both to retain those positions for a couple of years. We hoped that Portland's reputation and investment portfolio would have increased by then. That was the hope. It kind of went the other way. Plus market conditions went the other way. So things happen that you can't control on that one. But you really sold me when I was a commissioner in charge at that time, about how long it would take, because I heard

the stories. With all the layoffs in the recession of in the late aughts, and how devastating it was to get the culture back, and running up and running again to be more responsive. In fact, I don't think we ever recovered from that. Hence the, I'd say, cross-sector concerns about the service that they were receiving. So it's a difficult to digest how we will survive this current situation. But I can tell you that another committee wants to dive into this in the near future, and that's arts and economy, for reasons that I'm sure you can understand. So but when I'm listening in real time, fellow councilors, I'm realizing how a lot of our committees have overlapping concerns and staff has only so much time. So I'm becoming, in real time, really sensitive to the capacity of these requests. And so please talk to me and councilor green offline on how we can be adaptable. And maybe there can be during the budget season, some dual sessions. I think we just have to be more adaptable to make sure that we are respectful of your time and efforts during this journey to try to salvage as much revenue as possible to keep that going, so I don't know where that will come from. I do have another question that related to that in the permitting journey to try to improve efficiencies. Code clutter was a really big deal, and it was kind of the underwater issue that got surfaced during the task force and the bureau at that time, planning sustainability just wasn't doing that work for a while, if you will. And once you stop doing maintenance, routine maintenance, we all know what happens. So it became a big headache. And do we still have professionals that are focused on that project? Because that's what was causing a lot of challenges for customers, is that we would pass more policy and they'd start overlapping and they would be like, which one is which? Like, how do I decipher this information?

**Speaker:** Yeah, thanks for the question, councilor. So you're referring to recap, which was our regulatory improvement code project. Yeah. And for about four

years the bureau just didn't have funding for that. And so in 2324, council gave one time funds. So we rebooted recap and recap and came to last year's council. And for this fiscal year, bts just absorbed recap into their ongoing resources. So there's a recap 11 that's coming that council will consider later this fall. And, you know, assuming there's no further cuts to the eps recap as an ongoing thing, and recap is really specific to title 33, the permit improvement task force. Excuse me, team that terry thiessen leaves leads is also doing a code alignment project that is way more complex because it brings in title 11, 17, 24, 33 and tries to look at redundancy and conflicting code. And I think that will be coming to you all later this summer as a council. Excuse me. Which with all those bureaus involved, it's going to be a big lift. But those, those parts of like it's both looking forward at new, you know, new code and efficiency. But also looking back, we do that cleanup is as part of the lift that we're focusing on.

**Speaker:** Thank you.

**Speaker:** That's reassuring.

**Speaker:** Yeah.

**Speaker:** Great. I have a number of questions. Dc olivera, in your earliest slide, you said that 12% of the housing has a public nexus or public funding nexus. Specifically, how does that compare to other cities?

**Speaker:** That's a great question. Help me. Do you have any thoughts on that one?

**Speaker:** I don't know the percentages, but it is not unusual that the vast majority of new, excuse me, of new housing is done by the private market. Yeah, it doesn't mean that's where the housing need is always. So that's one of the balancing struggles that we look at is where's the need and what are we producing.

**Speaker:** Yeah I'm interested I guess to have a good I assume I mean obviously, you know, government is funded off of taxes and taxes are based off of economic

development or activity. And so we are always going to be a small pie compared to the broader economy. I'm interested to know, I guess, you know, are we getting our money's worth compared to similar sized cities? And are we spending our money well? Or are there ways that we could be getting, you know, leveraging these dollars in different ways to at least get closer to what would you say? I think we were at roughly 50% of our production goal of affordable units.

**Speaker:** I think. So, very big picture, Portland is actually one of the highest producers of affordable housing on the west coast of the united states. When you look at the share of affordable housing as a percentage of overall housing, Portland is at about 8% of its units are restricted affordable units. Whereas most of the major cities on the west coast of the united states are at at under 5% at or under 5%. So Portland is actually doing well in terms of overall production. That's great in terms of are we using the money efficiently? I think the system in the united states has been oriented towards using the low income housing tax credit model, which has a proven record of producing very high quality housing. But there's a lot of questions about whether it's the most efficient way to do affordable housing. And I think that we're at a focus place right now with less capital to really open that question of, is there a way to do this more efficiently? And that seems to be a constant conversation taking place across the state of Oregon, and certainly within Portland and in the metro region. And I think there are opportunities for us to improve our efficiency.

**Speaker:** And councilor just added, the housing bureau was exceptional in the delivery of the housing bond. They overdelivered so as far as how we're using our dollars, I think we're over delivering. And then also, you know, the 45% set aside for tif is one of the highest in the country. So even that commitment that helmy was

referring to, we lead with our dollars. And that's and that's one example of how we do that.

**Speaker:** That's a great cue up for my next question, because if I remember correctly from the slide, it was about \$1.4 billion bonded over a 30 year period for all of the tif districts. That works out to be about \$20 million a year for affordable housing at 40, you know, some rough math, but.

**Speaker:** The one, the 1.4 over the 30 years is net of the housing set aside.

**Speaker:** Right. And that is my ultimate question there is that I saw on one slide it was net 1.4. The next slide it was 1.1 for applicable which means it's.

**Speaker:** Affordable housing set aside.

**Speaker:** Sure.

**Speaker:** Oh 5%, 45%.

**Speaker:** Within the 1.4 billion, we are still able to place that towards middle income housing.

**Speaker:** That's great. But talk to me about admin fees. I think I read that 25% of the admin of the cost of the tif district goes towards admin between housing bureau and prosper, and I'm interested to know how that's broken down.

**Speaker:** Well, on one hand, I want to look to the team to get us some more information, but i'll just tell you off the top. That also varies throughout the life of the district. So early on when you need a lot of engagement, you need a lot of staff capacity to do the initial, what we call the action planning, right. And having the community leadership committees lead and staff those action plans. So those financing costs are a higher percentage in earlier years. And then in later years, as you have the preponderance of tif dollars come forward, that percentage goes down. So that includes financing costs as well as materials and services.

**Speaker:** But thank you. That's good to know. With regard to housing bureau specifically, we got a good slide there about what a 10% cut would look like. And this is maybe a request for additional follow up. I'm interested to know a little bit more line item, what the other 90% is being spent on. I know that a huge portion of what your work is, is, is the production of new affordable housing. But we also saw things in there like lead abatement. I'd be interested to know what is what, what is intentionally going towards the production side of things and how those dollars are being spent, especially in the next five years as well, because we've seen good slides about the planning for these upcoming tif districts. But I'd like to know a little bit more what that remainder is. And director kuhnhausen. There was a the title of your slide was the challenges of working with this business model. Does that imply that this is not a best practice nationally?

**Speaker:** I would say it could use an evaluation of what is best practice nationally. It's clearly not working in the city of Portland. And historically prior to 2008, it probably did. We are seeing peaks and valleys much larger than I think they they saw previously. And so unfortunately, this is the model that was set up in the city of Portland. But I do think it's time to reevaluate that.

**Speaker:** I agree, I also want to just note that while historically you all are doing amazing work, but also that your your ability to look at the budget has been strictly limited to your your area of the budget. However, I have specific concerns that if we take cuts to permitting development, that means we're actually going to have to increase the police budget, because a lot of the work that could be done by a bureaucrat with a clipboard is being done by an officer, and that's the most expensive option for these things. Looking at the general fund allocations, seeing that it's going to liquor licensing, it's going to noyes office, the noyes office. If we cut, those people will still complain about noise. People will still complain about

liquor, small businesses will still need to get noise permits and liquor permits in some way. And historically, the city has defaulted to using highly trained police officers for that use. I also have some deep concerns about what you were saying. The ramp up period. If we're going to be successful as a city, we need our permitting folks ready to jump in fully equipped. And so I would be very concerned about the strategic value of taking bigger cuts like that.

**Speaker:** Councilor if I if I may be more emphatic than my colleague, this is not the right model for the city of Portland to be solely dependent on fees as a as a budget. Note that we started working on at the administrator level. We looked at what is the right model. We kind of had to pause that evaluation as we got into the budget process, but it's actually a directive to think not just about pd, but the whole enterprise of permitting in the city. Working with our infrastructure bureau colleagues. And to your point, there is there are other models that sort of prevent that up and, you know, up and down swing that that we're talking about, and that gives more predictability to our the people who build things so they understand that sort of the structure of fees are going to be over time, as opposed to the whiplash of just their at the whims of the bureaus.

**Speaker:** Yeah. I think we should not let a good crisis go to waste. This is an opportunity to call the question on how we've been doing things for a long time, and I would be very, very open to I don't know what the better model is, but I'd be really open to hearing from from the professionals in the room about what we could be doing differently, even if we aren't necessarily able to do it this year. What that better long term strategy looks like. Councilor maria.

**Speaker:** Thank you. Yeah, I just wanted to echo everything that councilor dunphy has said, that I think that when I worked at the city before permitting was one of the top issues our offices would get called about. It's absolutely impossible. Or it seems

near impossible for people to actually build new housing in our city, because the permitting process is such a barrier. And from what I understand, other cities are not doing it based on small fees as their only source of funding. So I'm very interested in, if possible, maintaining that study and making sure that we are dedicated to actually figuring out best practices, because I think that short term spending will have long term gains for us. And I appreciate the presentation and all the work outlined here. Thank you.

**Speaker:** I completely agree with everything you said and was actually trying to get on that earlier. And again, we projected that the economy would boom back. And so that didn't happen. And so here we are again. So this is our third time that we've been here in 20 years. So yeah we have to look at a different model.

**Speaker:** Okay. Thank you all very much.

**Speaker:** Thank you.

**Speaker:** Colleagues.

**Speaker:** Colleagues that concludes our presentations today. I have a few announcements before we adjourn. But I want to see if councilors Ryan or morillo had any other closing comments. No. Great. So a few closing announcements at the next meeting. We're going to be having our second hearing on councilor maria's algorithmic devices ordinance. And we will also be hearing about a social housing policy being brought forward by councilors green and avalos. Reminder that we changed the mandatory two readings in committee standards so items can now pass through on one reading in the future. But if a policy needs more work, the committee can always require it to come back for second meetings with more information requested by the committee. So in other words, as we navigate the beginning of actual policy making, let's have some grace for creating processes, norms, and standards as we go. Councilor avalos will be sending us some

homework soon, so stay on the lookout. And with that, I will adjourn the meeting of the homelessness and housing committee.