



Portland Housing Bureau

Portland Housing Advisory Commission

Tuesday, August 05, 2014

3:00 p.m. – 5:00pm

Portland Housing Bureau

421 SW 6th Ave, Suite 500

Portland, OR 97204

✓ = PHAC public member action item

► = PHB staff member action item

August 2014 Meeting Minutes

Members Present: Jesse Beason, Tom Brenneke , Rey España, Sarah Zahn, Amy Anderson, Wayne Miya, Bill Gentile, Jean DeMaster, Elisa Harrigan

Members Excused: Marc Jolin, Andrew Colas, Deborah Imse, Colin Rowan, Dike Dame

Staff Present: Traci Manning, Leslie Goodlow, Javier Mena, Daynelle Banks

Guests Present: Commissioner Dan Saltzman, Michael Parkhurst

Agenda Item	Discussion Highlights	Outcomes / Next Steps
Welcome & Review Meeting Purpose, Review Minutes	Jesse Beason opened the meeting and welcomed the new PHAC members. Review and approval of minutes was postponed to the end of the meeting.	
Public Testimony	No Public Testimony	
Commissioner's Message	Jesse introduced Commissioner Dan Saltzman. The PHAC Commissioners introduced themselves to Commissioner Saltzman. The Commissioner gave a little background about his office and introduced Brendan Finn and Shannon Callahan. The Commissioner spoke briefly about the Short term rental lodging tax. There is a 12.5% lodging tax that will be assessed to single family owners and renters providing short term rentals. It is being proposed that 100% of the City's revenue from that tax be dedicated to affordable housing. It is estimated to be \$500,000/yr. As of now they do not have the minimum three votes to pass. He spoke about the benefits of short term lodging and also the negative impact it may have on affordable rental housing. People renting out their properties stand to make more money than having a traditional	

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	tenant, but the traditional renter will have less of a rental stock to choose from and runs the risk of displacement. Commissioner Saltzman spoke briefly about other incentives for affordable housing and workforce housing development. The Commissioner opened the floor for questions. Jesse thanked the Commissioner for leadership on the Short term rental tax revenue. Amy: Old Town there are several hotels housing people coming out of prison. What is the vision for those people? Will the area continue to provide this housing? Is that area going to stay servicing that demographic? Commissioner: My assumption is they will continue to play a role in the transition of people coming out of prison for years to come. There are very few options so I think there is always going to be a place for them in Old Town. Tom: So the Air BnB is a single family vote? Not multifamily? Commissioner: Yes. Multifamily has been postponed at this time. Portland is one of the first cities to develop a minimum framework. Jean: Do you see particular tools that will be used to prevent displacement in low income neighborhoods? Commissioner: I don't think there is anything that is original, we are just looking at what other cities are doing. Right of return is one idea. A portion of government money should be used on people already living in the neighborhood. Jean: I'm particularly interested in looking at ideas that are a combination of economic development and housing. Rey: Units are not being developed for people that are here but for newcomers. It is going to cause a strain on affordability and those that want to stay in their neighborhoods. The concern around displacement is going to grow. I would encourage continued leadership on being creative. I don't see us building our way out of it. There has to be a commitment to affordability and retention.	

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	Elisa: Are there other ideas that are similar to the Air BnB for resource development. In general Council has been supportive of affordable housing. There needs to be more money. Are there any ideas that would help them better connect the dots? Commissioner: There are cities that have dedicated housing funding levies. There is nothing that would stop us from that. There is a working group looking at these things. Those issues are all things that I am interested in pursuing. Bill: Development in Chinatown for workforce housing. The SDC issue keeps coming up. What is the long-term plan? What happens after five years? Commissioner: We are going to waive the System Development Charge (SDC) for new units that provide 10 years of affordability. Sarah: I would like to applaud you in your efforts to encourage workforce housing development especially in the 60-80% MFI. There are no affordable funding options in that price range. The way we would get there is through a toolbox. I would encourage you to continue talking to the development community that is trying to make that happen. Jesse: Do you see workforce housing strategy as a central city issue or the whole city of Portland has that gap? Commissioner: Central City defined very broadly. I do think it's a City wide issue. The PHAC thanked the Commissioner and he departed the meeting.	
The Affordable Housing System – Affordability Trends: Cost of Affordable Housing	Jesse moved the meeting along to the next agenda item and turned the meeting over to Traci. Traci talked about responding to the market. We need to deal with the cost side as an industry. Traci asked Javier to speak more on the topic of the cost of affordable housing. Javier talked about the PHAC retreat materials that focused on the affordability issue along with the income issue. Many of the renters here in Portland that are rent burdened experience an income issue. Javier talked about PHB's work with Meyer	

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	Memorial Trust to define and address the cost of affordable housing. Javier introduced Michael Parkhurst from Meyer Memorial Trust (MMT). Michael began by discussing the Meyer Memorial Trust Affordable Housing Initiative – an \$11 million commitment over the next five years. We can't build our way out using the same model – the model has to change. MMT is looking for ideas that can be implemented as pilot projects. What factors are driving the cost of affordable housing? What factors do we have control over? Where are opportunities to do something different? Where are opportunities to innovate? Are there policy changes that can be called out? Michael invited the PHAC members to volunteer as members of the Meyer Affordable Housing Initiative workgroup. Michael encouraged PHAC members to take a look at the application for participation or suggest members of the community that should be at the table. He opened up the floor for questions. Traci talked more about the MMT Affordable Housing Initiative being discussed at the March PHAC retreat. What do we want to make sure that we are considering? We want to be able to use the recommendations that come out of this process to inform our policies and what we can impact. Amy: What is the size of the volume of population that you are looking at? How many thousands or hundreds of people do you imagine you will be able to get into housing in the future. Michael: Meyer is not focusing on building units or developing housing itself. There are resources for developers – Meyer will still fund projects outside of the initiative. The initiative is really to look into strategic areas to advance the conversation. Jesse discussed more of the background from the retreat about the trends of the cost of affordability. Elisa: Some of it was a conversation around how long we expect people to be in affordable housing. There are people staying in affordable housing for a longer period of time. How much can we change policy wise when we are developing for under 60%?	

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	We are trying to be as creative as possible. We just don't have time to change federal policy on everything. Wayne: We can talk about systems alignment and services provided. Are you talking about connecting to mental health services? Housing support services? Michael: Yes. All of the above. That is one that is developing a little more slowly. People are very interested in how to connect services to health services, mental health, transportation, early childhood development, and all sorts of things to housing. Health is the hottest topic right now. Jesse: Is this particular group focused strictly on capital? Michael: I think capital is the core of the conversation but I think it can get bigger than that. We are thinking of cost in a more expansive way. We are not committed to any particular model. We need to identify the goals. Rey: Housing needs to be integrated with other systems. Transportation, income, different housing types, energy – how do these systems come together? There are a lot of other issues related to this. Jean: We talked about green housing – putting in more money now because in the long run it will save money. We have to learn from the experiences in the past that didn't work. It seems like having a task force is a neutral way to look at issues and objectively answer them. If we look at the data we won't repeat the same problem. Sarah: There have been a lot of policies put in place to avoid that. There are a lot of requirements that talk about 60 year housing. There is a fine balance between containing cost and providing long-term housing. Have we learned the lessons and can we also apply them in a way that will result in efficiencies. Javier: Another contributing factor to the cost of affordable housing is the location – its costs a lot more to build in the inner core of the City.	

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	Traci: Dr. Lisa Bates spoke at our Equity Forum urging for building of community and neighborhood vs just building Buildings. We do this work not for the love of the housing unit but for the outcomes for the people who will live there. Sarah introduced the topic of using Medicaid dollars to fund supportive housing. She asked Traci and Jesse if they had heard of that possibility in Oregon. Jesse confirmed that there is a waiver to spend Medicaid dollars on housing but also stressed the difficulty of that at this time. There was discussion about community benefit dollars. Traci talked about the risks of using Medicaid dollars referencing the Bud Clark commons study and other high utilizing populations. The conversation turned toward healthcare housing, social impact bonds. The way to think about it is not unlike tax credits. How do you take Medicaid savings and monetize them? The discussion moved to turnover and stabilization as regards the most vulnerable populations. Traci brought the conversation back to the cost of affordable housing. The basic question is how are we spending an affordable housing dollar? The public wants to know what is appropriate to spend the dollars on. Who is important to weigh in on this debate? Traci asked the PHAC for participant recommendations so that no one would be missed in the conversation. The PHAC members identified the following components: • Asset management • Property management • Labor issue professionals (prevailing wage) • Contractors • Design professional • General obligation bond professional • Financing Michael reminded the PHAC that people have until Friday to recommend members to participate in the workgroup.	
Updates		

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• N/NE Neighborhood Housing Strategy • “A Home for Everyone” Coordinating Board • NOFA Update	Traci updated the PHAC on the strategy for spending of the TIF funds in the Interstate URA. We want to spend the money in a way that will meet the community’s need for people who are at risk of being displaced and people who have already been displaced that may have a right of return. She talked about the advisory committee’s work on planning the forums. We are looking at content to be able to share. It is very important to the Mayor and Commissioner Saltzman that we come out of the process with specific recommendations to get started on projects as quickly as possible. We have methods to collect feedback for people who do not want to attend the forums. Traci talked more about community outreach. This is the beginning of a five year process. The group talked about the market challenges in the Interstate URA. The geography is very difficult for home ownership. The opportunities for first time home buyers are very few. Elisa brought up collaboration with grassroots organizers to help get the word out about the forums. Traci talked about organizations that PHB is already connected with for outreach. A Home for Everyone Coordinating Board first meeting is tomorrow. This is a group of 27+ that will meet monthly to advise the elected officials on a coordinated homeless policy. Javier gave an update on the 2014 Spring NOFA for \$17.5 million in available funds. We received 14 proposals for a total of \$40 million. Internal process is finished, external process is beginning. Goal is to have a recommendation towards end of August and for the process to be finished before September.	
For the Good of the Order		