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Portland Housing Advisory Commission

Thursday, July 9, 2015

3:00 p.m. – 5:00pm

Portland Housing Bureau

421 SW 6th Ave, Suite 500

Portland, OR 97204

Portland Housing Bureau

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**= PHAC public member action item**

** = PHB staff member action item**

**July Meeting Minutes - FINAL**

Members Present: Amy Anderson, Jesse Beason, Dike Dame, Elisa Harrigan, Wayne Miya, Sarah Zahn, Andrew Colas, Stephen Green

**Members Excused:** Tom Brenneke, Jean DeMaster, Betty Dominguez, Rey Espana, Maxine Fitzpatrick, Cobi Jackson, Nate McCoy

**Staff Present:** Matthew Tschabold, Cheyenne Sheehan

**Guests Present:** Karl Dinkelspiel

| **Agenda Item** | **Discussion Highlights** | **Outcomes / Next Steps** |
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| **Welcome & Review Meeting Purpose, Review Minutes** | Jesse opened the meeting and minutes for May meeting were approved. Matthew Tschabold gave a summary of the agenda and explained there would be two public comment periods -- One for general comment and another portion after the TIF Set Aside item and asked the public to sign up on the appropriate sign-in sheet. |  |
| **Public Testimony** | No public comments. |  |
| **Central City Bonus and Transfer Program** | [Bonus and Transfer Study Final Report](http://www.portlandoregon.gov/phb/article/538844) and [Bonus and Transfer Study Final Summary](http://www.portlandoregon.gov/phb/article/538845) have been sent to PHAC and uploaded to the PHAC Meeting Archive web page. There is a resolution being discussed and debated at City Council today regarding whether reforms are economically feasible to incentivize affordable housing as well as making reforms to the current bonus structure. The Bonus and Transfer Study Final Summary summarized the final recommendations from the report. As soon as a vote takes place at Council Matthew will inform the PHAC. Matthew begins an overview of the report and recommendations to the group using this [presentation](http://www.portlandoregon.gov/phb/article/538846).  (slide1)The current bonus system includes about 18 different bonuses. The Bureau of Planning and Sustainability (BPS) would want to emphasize that the idea behind the public bonus is that an owner of a private piece of property is given a certain amount of building capacity known as Floor Area Ratio (FAR) depending on the zoning in a particular area. If the property is in the central city, there is a certain amount of bonus FAR depending on whether or not the building provides a public benefit.  Of the currently 18 different bonuses, some of them have never been utilized.  The most used public benefit is the residential bonus. The residential bonus was put in place in several different cities, including Portland, during a time period where households were moving out of central cities and the concern was the central city would no longer have people living in it leaving a lot of vacant spaces in the central city.  The structure behind the residential bonus, which relates to affordable housing, was that just for building a certain amount of residential square footage in the development the developer could get a certain amount of additional developmental capacity (up to three or four FAR) depending on where the development was located.  Other examples of bonuses that have been used are; the eco-roof (used a couple of times), the daycare bonus (used once), the theater on Broadway was used once but it was subsequently found that it took value away from the development. Some of the water feature, art, and open space bonuses were used a few of times.  And then there are some competing bonuses in the current structure; the affordable housing replacement fund, and the middle income housing bonus, that would actually compete with the residential market rate bonus. This whole list of bonuses has been added over the years but the bonuses haven’t been recalibrated as conditions have changed in the central city. The current bonuses reflect old priorities of the BPS and the City as a whole.  (slide2) The transfer program essentially gives the ability to transfer development capacity from one lot to another or one building to another. There are six transfers in the program right now, but again, they reflect old priorities. They are all private transactions and that’s an issue that is going to need to be addressed at some point because the City is not really aware of the transfers until individual property owners go to develop the site and the City learns there are certain parcels that have already transferred away some development rights. Theoretically you could have ‘bad actors’ in the deals. Matt doesn’t think that’s happening but that would be separate discussion.  The current six transfers include, abutting lots, single room occupancy, historic properties (which has been used a bit) residential floor area transfer, South Waterfront transfer and a master plan transfer. There is not a high degree of utilization regarding the current transfer system.  City Council passed a resolution last year asking the Portland Housing Bureau (PHB) to work with BPS to look at the current central city bonus and transfer system and come back with 1) an assessment of whether or not it was economically feasible to build in an incentive program/bonus system that had affordable housing development and 2) to determine recommendations on steps going forward. A study was done and there were five key components that came back in the summarized report. (slide3)  First it was determined that it would be economically feasible according to the economic model and the recommendations that came out of it were 1) bonus for affordable housing on-site and/or payment into an affordable housing fund to be used anywhere in the city 2) if the units were built onsite that the income limit would be 80% MFI with 60 year covenant that currently exists in the city code. If there is a payment in lieu into an affordable housing fund, the cap would then be 60% MFI and could be used anywhere in the city 3) to structure it in a way that would promote onsite development of units. The central city tends to be in an area where there are more jobs, lower crime, better infrastructure, better transit, higher opportunity, etc. 4) have fewer bonus options to prioritize affordable housing – there are currently too many bonuses with other focuses so there has to be an intentional effort to focus on affordable units as the primary public benefit needed in the central city 5) retain the |  |
|  | current limits on the amount of bonus FAR that can be earned per site. Most of central city has a cap of 3:1 FAR with a few areas that have 4:1. The recommendations are to retain those caps.  Looking at the development forecast in the comprehensive plan update which is based off of Metro’s forecasting over the next 20 years – depending on how the payment-in-lieu and the minimum percentage of quarterly units are structured (which have not been set yet), the numbers used by the consultant vary, if you look at the current projections of all units were built onsite there’d be somewhere between 800 – 1300 units over the next 20 years. If all projects chose in-lieu payments there would be somewhere between $120M -- $200M in the affordable housing fund. BPS said that PHB and the consultant anticipate there would be a mix depending on how the fee is structured and what percentage of the bonus FAR needs to be used for affordable housing.  Currently the Bonus and Transfer Program is being heard and discussed in city council – the resolution Matthew sent out to the PHAC asks that the Bureau of development Services (BDS), BPS, and PHB come back to council by January 2016 with recommendations to city code updating the bonus system. At the start of today’s council meeting Commissioner Saltzman offered an amendment which was seconded by Commissioner Fish and approved 4-0 that there be a scheduling change to July 2016 which would allow to align with the Central City 20135 Plan.  Dike states that he wouldn’t be here if he wasn’t in favor of affordable housing. He attended some of the early sessions discussing this program and he expressed some concerns to them. 1) That the economics were a bit “voodoo” 2) The direction this is going will create significant unintended consequences. Dike reads this [letter](https://www.portlandoregon.gov/phb/article/538246) that he sent to Dan Saltzman this morning.  Dike feels that the bonus program is a good thing but the way the City is going about it is flawed.  Jesse clarifies that what is before council is not the final program. Dike states that he doesn’t know if his letter is being discussed at council now or not but he does know that his letter was delivered before Council began deliberating today.  Matthew adds that the resolution was structured in such a way as to give direction to BPS, BDS, and PHB moving forward. Essentially, with intention, the dollar amount for the fee-in-lieu was left out and the percentage of bonus FAR was left out so these could be calibrated using feedback from a number of arenas, including running through the process with BPS.  Dike states we should be careful before we jump on things, because there are always unintended consequences. This is an important issue that should be gone through clearly. He realizes we hired some people from Denver, CO to consult on this, but they don’t really know that much about our community and which showed in the two meetings he attended.  Matt adds, from a process standpoint, if it passes council, his understanding is there is still calibrating that needs to be done before the final version is complete.  Dike states that there are a number of developers in the community who would be happy to donate their time to sit down with the City and work on this – they are not fighting the program, they just want it to work as intended.  Elisa thanks Dike for his remarks and states that it’s helpful to hear his perspective and it’s good to know that the development community is interested in participating in solutions for affordable housing.  Sarah states that she knows Jill was at a meeting at Comm. Saltzman’s office prior to the hearing today running through the program. She says they similarly had some concerns about the way the economics stack up and wanted to make sure they were being heard. It’s good that they are currently soliciting input and hopefully that will continue as the process moves forward.  Jesse was interested to see 800 – 1300 units understanding that maybe those calculations are wrong, but that seems to be about what a good sized CDC produces after 10-15 years in the business. For him that was a helpful way to look at this number of units and to think about the impact of this potential change. He’s been reading some of the pushback in larger cities around just doing the fee-in-lieu and not adding units. When many of these developers do units they are intentionally building the affordable units separated from the market rate units.  Stephen asks regarding Dike’s concern in the letter that developers won’t use the fee-in-lieu, does he think there is a dollar amount that would make the fee more attractive?  Dike doesn’t have an answer for that question.  Sarah thinks one of the considerations is when the gap between the affordable level and the market rents gets high enough, then the fee becomes more attractive. Right now in Portland the gap isn’t that large, but that will be something that will need to be recalibrated over time… as the differential between the 80% MFI and the market grows the fee will become a more attractive option because the foregone revenue will be less. It needs to be set up so the fee-in-lieu is not more expensive than building units on-site – then developers can make that call on their own depending on their goals.  Matthew commits that as the process moves forward that PHAC is involved.  Jesse asks if there is any possibility to have a work session between PHAC and BPS. He feels this is a good opportunity to bring two public bodies together to talk about where their interests overlap.  Matthew doesn’t know with certainty, he does know that they are willing to have as many public hearings as necessary for interested parties to weigh in – but he doesn’t know if they will do work sessions outside of their bureau. | * Matt will bring this feedback to PHB, BDS, BPS, and the Commissioner’s office. * Matthew will update the PHAC with any new information or decisions by Council. * Matt will gauge BPS’s interest in a work session with PHAC. |
| **Property Acquisition Program** | Matthew begins the [Property Acquisition Fund Presentation.](http://www.portlandoregon.gov/phb/article/538841)  (slide1)The acquisition fund is a new endeavor by PHB and it is being brought to the PHAC for feedback on the program’s structure and whether or not the group feels changes should be made. If there are questions or ideas the PHAC is invited to comment during this meeting or contact Matthew directly by email.  History on the acquisition fund is PHB had about $1M from the fiscal year 2014-2015 and PHB was looking to leverage those resources with CDC partners and the private market. Staff from PHB met with staff from the Network for Affordable Housing (NOAH) to discuss the structure of the fund because NOAH already administers one for the State of Oregon. PHB wanted to model one that is Portland specific providing short term financing for the purchase of land or the acquisition of existing buildings for the development of affordable housing or conversion of a market rate building into affordable units.  (slide2) The current structure of the fund has been adapted from the Oregon Acquisition Fund. For land acquisition the fund will be a combination of State funds, PHB funds – PHB will commit $1M to this fund, and foundation funds available through NOAH.  For building rehab acquisition it will be a combination of State funds, PHB funds, NOAH funds and private market funds through NOAH – so all the financing will be brought to the applicant through the partnership.  Land acquisition loan limits will be up to $1M and the term of the loan will be up to four years. The borrower will put together construction financing and a plan for developing the land within four years, then the loan will come due. The loan to value (LTV) expectations are different for for-profit and non-profit organizations. Recommendations for affordability are that 51% of all units are affordable at 60% MFI or below.  For multifamily building rehab acquisitions the loan limits will be up to $3M with 51% of all units affordable at 60% MFI or below with LTV varied depending on whether the borrower is for-profit or non-profit and the term of the loan is 48 months.  Javier Mena, PHB’s Assistant Director, is looking for feedback mostly on the structure of affordability and the LTV as well as looking at the financing mix (slide3).  The examples (on slide 3) show one example for land and two different examples for existing buildings for conversion to affordable, one small and one large. Regarding converting buildings from market to affordable there is no intention to push tenants out of their homes. If there are tenants in the building above 60% MFI as they move out the affordability covenants will kick in when the new tenant moves in.  Acronyms on slide 3; OHAF PRI are foundation resources available through NOAH. OHAF Fund Capital is State resources available through NOAH. City of Portland is a component of the $1M PHB is providing. If there is a need for private capital for the acquisition side, NOAH will acquire the private capital showing on the chart as Senior Debt.  Matthew opens the floor to questions, comments, and recommendations from the PHAC.  Dike asks why the term of the loan is 48 months.  Matthew answers speculatively that it may take time for some organizations to put together enough financing for new development in particular.  There is more general discussion about the structure, much of it is unintelligible on the tape.  Dike asks how much money is available to do the land deals.  Matthew explains again that PHB is committing $1M, he doesn’t know what NOAH’s cap will be as of yet.  Jesse notices that it seems like one deal could use up all the money in the fund, and wonders how that will work.  Sarah answers that PHB is trying to leverage those funds in conjunction with other fund providers and lenders.  Matthew agrees and continues by saying that the cap is $1M for land and $3M for building acquisition and you can see the financing structure in the examples (slide3) that the City’s fund commitments would equal about 4 large acquisitions or about 11 small acquisitions. He continues, the fund to some degree is a program the City has not invested in – he could see the City looking to grow the program and request general funds. The City doesn’t have a lot of general funds available for development of affordable housing outside of URAs.  Stephen asks if this is Tax Increment Financing (TIF) money.  Matthew answers no, this program is general funds. The City has some small pots of money that are not TIF and these are funds that just weren’t’ spent in the last fiscal year. He doesn’t know the reasons why. A decision was made to try an acquisition fund at a Portland scale to leverage that million dollars with foundations funds available to NOAH as well as private capital.  Sarah states that it sounds like the City went to NOAH.  Matthew answers, NOAH was supposed to do this presentation.  Sarah asks if the City went to any non-profits to ask what would they need, or what would be really helpful for them.  Elisa answers that NOAH went to the City.  Sarah continues, from her experience working in a non-profit it was not well capitalized and the base barrier to acquiring land in the existing market was the gap between the 80-90% and the total cost. The non-profit coming up with 10-20% of the cost is the barrier so they were constantly trying to come up with some form of CEFI money or a bridge loan which is very expensive. She feels with this the City is underlying NOAHs ability to do more deals as opposed to helping the non-profit. Secondly when taking a market project and converting it to affordable units there are a lot of technical details that are a huge barrier to non-profits. There are a lot of steps, when the organization is income verifying everyone and there are concerns about relocation, even if you are being patient and waiting for folks to move out, there is still the risk of triggering relocation unless you are super careful about how you do everything. She thinks using some of this fund’s money for technical assistance is another way of approaching this that should be considered and could encourage non-profits to take this on. It is very difficult to make an acquisition work unless you have a complete picture of all the steps involved in all areas. She thinks this is the reason they aren’t done more often because when organizations look closely at what it takes, they back off because it can be very intimidating and there are many hurdles.  Sarah continues, instead of using that $1M and adding it to pot of money that already exists out there, set aside that money to help bridge the gap between what the non-profit can fund with loans and what they need to come up with that 10-20% and then set some money aside for technical assistance to help the non-profit understand how to get that building from market to affordable.  Dike makes the point that maybe a name changed should be considered. The fund is currently called “acquisition” but what Sarah is talking about is investment. An organization needs an investor to make one of these deals work. If this million dollars could be leveraged over much more than doing a land deal, if you used it as equity.  Stephen feels there is a pre-development piece that this money could go toward as well. There’s a period of time where the organization needs to figure out if the deal makes sense, so why not use it to help organizations with their due diligence. Washington has a similar fund that does that.  Jesse says the City should start with the question of why there aren’t more property acquisition deals happening, and the answer to that isn’t we don’t have enough available debt, the answer is we don’t have predevelopment, we don’t have technical assistance, we don’t have equity gap. So can we spend the million dollars on that instead?  There is general agreement among the members and more discussion on pre-development costs.  Sarah continues by saying Stephen’s point is correct. The costs to do an acquisition are much more than just the cost of the property/land, it’s the additional closing costs, due diligence costs, staff costs, an organization incurs as they evaluate. If there’s an additional $50k in costs, and maybe it’s a different equation for a for-profit, but for a non-profit that’s a huge hurdle. When you are asking a Portland non-profit to come up with $100K-$200K it’s a barrier.  This conversation continues with members all in agreement regarding additional costs making these deals difficult, especially for smaller non-profits.  Matthew wraps up the topic by saying he will take this message back and discuss it with NOAH and with Javier and find out what their response is and get that back to PHAC.  Cheyenne breaks in with a technical announcement that this meeting is being recorded and asks that people try to speak slowly and clearly to make sure they are recorded fully. | * **Matthew will take these thoughts back to NOAH and Javier and report back to the PHAC anything he learns.** |
| **Release of Opportunity Funds** | Jesse states that we are running a few minutes behind and need to discuss the release of Opportunity Funds.  Matthew announces again to the public in attendance that if they’d like to comment on TIF Set Aside they should make sure to sign-in on the appropriate sign-in sheet. He announces that Karl Dinkelspiel will cover the Opportunity Funds.  The [Opportunity Fund Notice](http://www.portlandoregon.gov/phb/article/538843) is provided in the packets to PHAC.  Karl begins by saying this is normally covered by Javier but he will do his best. Karl states that he has been running solicitations for his whole career at PHB. The Opportunity Fund was released last year as a million dollar effort. It is money that came from City Council to do what it says which is to find opportunity. Typically the solicitations are very much pre-planned – there is a schedule involved and there are deadlines and a process that compares all the proposals to each other. The Opportunity Fund was designed as a way to circumvent some of that and allow proposals to come in as they will. The Opportunity Fund was originally intended so that PHB could actually buy units in market rate buildings. That idea has shifted – the new generation of the Opportunity Fund is using $2.5M that the Mayor set aside for affordable housing outside of the PHB budget. Opportunity is still the functional word. The idea is to encourage development that happens opportunistically which is not something PHB usually does.  Elisa asks why the Opportunity Fund moved away from the original concept of purchasing affordable units.  Karl answers that the embedded business model wasn’t very successful or well thought out. Finding units to purchase in a building is a difficult thing to do, but given more time and thought maybe there is a way to ultimately flesh that out but that is not in the current version of it. We haven’t put that idea away completely but it is a mechanically difficult thing to accomplish.  Karl continues, the $2.5M from the Mayor is what creates this fund and it is similar to what it was last time around. The City is looking for innovative projects, cost savings with a focus on complete neighborhoods and family units.  Karl doesn’t know the scheduled release date of the fund, but it is very soon – he will need to check with Javier.  Matthew adds that Javier wanted to get feedback from PHAC on any changes to the structure that might need to happen and then a release date will be set.  Elisa asks whether there is a possibility that instead of buying those units as in the old plan, the units could be leased long-term and provide different rental assistance components in those units, because $2.5M only goes so far.  Karl responds that maybe master leasing is a better way to frame the previous idea. He thinks it is definitely possible – PHB does provide a lot of rental assistance that is made available through other means, and general funds.  Elisa continues that she believes people are having a difficult time utilizing some of the rental assistance options. So with a master leasing component, particularly when there are units that might have a friendlier landlord who is having a difficult time with high turnover, this might be an option.  Karl believes this sounds like a capital idea rather than an ongoing operations idea. It sounds possible since it uses general funds it could be used for that purpose.  Jesse asks if the notice in the packet is for the fund that was released last fall.  Karl answers yes and explains that other than the feedback being sought from the PHAC, there are not significant changes to the structure of this year’s program, at least regarding the development portion.  Elisa asks since it is general fund, whether there is a limitation on geographical scope.  Karl answers no limitation there. The point of it was to be able to use it Citywide.  Stephen asks for a 30 second example of an ideal scenario for these funds.  Karl answers that the best example he can think of is the proposal they started to consider last time around. There were many reasons on the development side that it didn’t go forward. Home First was the name of the development company and had been working with Portland Housing Center (PHC) for a while and done a number of developments for them. They needed some capital for a development that is ready to go forward. They needed $1M to subsidize the project for permanent affordability. They completed the application which was considered and approved. The process was really quick and it’s designed to be flexible.  Jesse asks if it was for 60 years affordability.  Karl answers yes, and explains that the development used in the example did not go forward because that was one of the key issues around the proposal. Some of the City requirements for affordability didn’t align with what they wanted to accomplish.  Elisa asks about some of the equity components that have been a concern in past developments. She wonders whether the City has made some progress in strengthening those equity requirements and the threshold.  Karl responds that his thought around that is even though this is an opportunistic process this is no different than any other type of development that the City funds. There are MWESB requirements, training and hiring requirements, and the City is putting in marketing and lease-up preferences in place - those will apply to this program as much as to any other project.  Elisa continues that she remembers having a dynamic conversation around some of the equity pieces around the threshold and she wants to make sure that feedback is being taken into consideration.  Matthew answers that he thinks what she’s talking about is the Multi Unit Limited Tax Exemption (MULTE).  Elisa responds yes, but those discussions still carry over to some of the other pieces and she wants to avoid having more of that conversation afterwards.  Karl responds in regards to the MULTE those are private for-profit developers who rarely have experience working in the public sector and they come into projects with that lack of experience. There is a steep learning curve around all of the public policy goals. He thinks what Elisa probably heard is most of the time when that happens with normal solicitations is CDCs or non-profits have worked with PHB before and work toward improving their compliance with City policy goals. This program is probably more of a hybrid, we are still going through a process where the goals are clearly defined and while the development teams may be similarly inexperienced, they are getting a very deep subsidy relative to the MULTE subsidy which means the City’s expectations will be higher.  Elisa wants to make sure that progress is being made on some of those equity requirements because in some areas the thresholds were relatively low.  Matthew adds that PHB has been working on a point that Karl was getting to; we know one of the reasons some organizations are having trouble hitting the targets is because they don’t have the capacity. PHB is looking at what it can do to support the recipients of our funds and/or programming to build their capacity and make connections with MWESB contractors, but in exchange for the expectation that we do set higher targets and that there is actually resource committed to organizations specifically so there is a requirement that some resource is given to an intermediary who will actually help the recipients.  Jesse asks, if you can do permanent affordability with 60% MFI for home ownership, why that would be excluded from the thinking.  Karl responds that Javier would be able to answer that better.  Jesse closes the topic. |  |
| **TIF Set Aside for Affordable Housing Policy 5 Year Review** | Jesse opens the TIF Set Aside Policy; meeting materials include the [TIF Set Aside Ordinance Packet 2011 Policy Review](http://www.portlandoregon.gov/phb/article/538838), the [TIF Set Aside Review Financials 2015](http://www.portlandoregon.gov/phb/article/538839) and the [TIF Set Aside Overview Presentation](http://www.portlandoregon.gov/phb/article/538840).  Matthew informs the group before the start of the presentation that the Bonus and Transfer Resolution just passed council with a vote of 4 – 0. He will send the resolution out to the group when he receives it.  Matt addresses the public gathered letting them know the structure for this section is he will walk through the structure of the current policy, where implantation stands today, and where we will stand over the next five years if the policy in its current form were to continue on the policy level and the income and implementation levels. Matt will begin with an overview, then there will be a period of time for the PHAC members to discuss, then public testimony will begin. The public will be called from the sign-in sheet for their comments of three minutes or less, each.  The policy as it stands is as follows (slide2); 30% of Tax Increment Financing across all urban renewal areas (less Airport Way and Willamette Industrial), in the aggregate as of July 2006, shall be dedicated to the development, preservation, and rehabilitation of housing affordable to households with incomes below 100% median family income.  Matthew walks the group through the presentation then takes questions/discussion from the PHAC.  Dike asks if there are Urban Renewal Areas (URAs) that will expire before the money gets used and which ones are they.  Karl answers yes, and names South Park Blocks, Downtown Waterfront among others.  Dike asks when the River District expires and Karl answers 2021.  Matthew clarifies that even if when the URAs expire, if there are left over resources, they can still be spent toward affordable projects.  Dike’s concern is in the River District as an example, the district will expire but because of all the development happening there will be a lot of TIF generated but the concern is soon there will be no land left on which to build affordable housing. If the money can’t be spent in the same district from where it is collected (which is a TIF requirement) what happens to the money?  Dike is concerned that the TIF money won’t be used.  Javier disagrees and say there is a tremendous amount of need in the Pearl…  Dike interrupts saying that there is no land left to buy in the Pearl.  Javier continues by saying that is true, but the City has current projects in that area that need major rehab but the resources are not available at this time. TIF that is generated will obviously go to fund those kinds of projects in the target areas. There is no risk of having TIF money in the fund and not being able to spend it.  Stephen asks, aside from the rehab projects, are we at risk of not being able to get new units built in those areas.  Javier answers that based on current availability and resources we are probably tapped out in terms of new unit construction. Because of that we have to focus on the issues of existing properties and make sure they are long-term sustainable projects.  Stephen wonders what would be more helpful since TIF really only covers 15% of the City and the land that’s covered is some of the most expensive land in the City, how does that equate to units. If we could spend that money in less expensive areas wouldn’t we get more units for the same money? He makes the point that units built 5 years ago are less expensive than units built now, and that trend will continue as time goes by. He asks whether there was ever a target for units being built in these area or if there is one now.  Matthew says he can provide that information. He knows there have been many targets set by many different institutions. In just looking at the Interstate URA there was something like 16 or 17 overlapping plans that all set different housing targets, some around very specific issues and others that were broad, general housing targets. That information exists and we can get that information to you, it would just take some reconciliation between plans from agencies like BPS, URAs, Citywide plans etc.  Sarah asks about 0-30% MFI units and ongoing targets for those – she wonders if the City is looking at the range for 0-30% and what has the City done relative to meeting those 0-30% production targets. She also wonders if there are other resources that are being used to get to those targets, i.e. project based section 8 vouchers. What is the future plan?  Matthew answers in the 2006 to 2014 window the bureau did not meet the target resource ranges. When the bureau was able to it was either spending a lot of resources to completely finance 0-30% units or to use project based subsidies.  Sarah would like to know generally what the plan is going forward to provide 0-30% units. She realizes there is so much resource required to create those units and there is also a strong need for them. How are those units created without tying up all the available TIF to produce a relatively small amount of units?  Javier answers that the evolution of the 0-30% units is about 8 years ago there was a mandate to ensure that there were units built with the idea there would be additional services and resources that would come with those units so they would be sustainable. PDC and PHB created 0-30% units knowing that 5 years down the road we would probably have financial problems associated with those units because the extra funding needed to pay for the supportive services needed on those units wasn’t available to make them sustainable. At that point PDC and PHB reassessed the 0-30% units and realized that a regular project can support about 5-7% of units at a 0-30% MFI within the project and so we went that route. Currently as other resources are becoming available like project based section 8 vouchers, the health connection with housing resources that are being provided, Veterans Affairs Supportive Housing (VASH), we are looking at leveraging all those resources to increase the number of 0-30% units with the idea that these units have to be sustainable at least for the next 10-15 years and then further allocate or identify resources later on.  Sarah asks whether the target resource allocation for the next five years will change.  Javier answers that we will be looking at it and making suggestions and will definitely want feedback based on that information.  Jesse clarifies that the categories of income/spending categories of the TIF Set Aside will potentially be amended for the 16-21 years.  Javier answers that yes, they could be. We will be reviewing it to see what we can do realistically so we are not proposing goals that we cannot meet. Javier goes on to say he just returned from City council and Commissioner Fish is intrigued and interested in the 0-30% MFI units and he wants to have a focus there. Javier says that with PHB’s current resources we need to be realistic about what we can do and what are other resources that can be leveraged to get where we need to go.  Someone asks if the “other resources” Javier is speaking about are services and if so, if there aren’t supportive services available that will reduce the number of 0-30% units.  Javier answers in the affirmative and adds unless we are willing to put forth more PHB resources in order to address the services.  Jesse asks if those services have to be paid for with general funds.  Javier responds that typically services are planned in the project’s budget.  Jesse asks if there are additional comments from the Commission and then wraps up the discussion by saying that there will be additional opportunities to discuss this further at future meetings.  Jesse opens the meeting to public comments. | * **Matt will send the approved Bonus and Transfer Program resolution to the PHAC when he receives it.** |
| **TIF Public Comment** | Matthew begins by calling names from the sign-up sheet.  Rita Delamatre from MACG comments, she is with the Affordable Housing Research Action Team at the Metropolitan Alliance for Common Good (MACG). MACG is made up of 24 member institutions comprising labor, faith based, and non-profit organizations that work to create change in issues that directly affect all of our members. Leaders and representatives of MACG that have come with us are here (they all stand). They recently held intensive listening sessions within their member institutions to discern the challenges and issues weighing most heavily on the minds of their people. By a clear margin the number one issue was lack of access to and availability of affordable housing and they are here today to stress the importance of this issue to the thousands of people they represent. They are attending the meeting today because strengthening and implementing the provisions and policies of the TIF Set Aside is key to implementing and maintaining affordable housing throughout Portland. They want to see the policy strengthened, see implementation of its early vision and original goals, and they would like to see clear accountability measures included in the policy. They are also interested in learning more about vacant publicly owned land and timelines for the development of those properties into affordable housing. Rita thanks the Commission for the opportunity to speak and use MACG’s input to inform this review process.  Bev Logan from MACG comments by reading this [letter](http://www.portlandoregon.gov/phb/article/538952) and she makes a disclaimer that some of the questions addressed in the letter have been addressed and answered by Matthew’s presentation today regarding the TIF Set Aside.  Ruth Adkins from Oregon Opportunity Network (OON) comments, she is the Policy Director at OON. She is representing their 19 non-profit member organizations working on affordable housing in the Portland area who are in fervent support of this policy as one of the few and most effective tools available to support creation of affordable housing, given the State’s failure to allow inclusionary zoning and other tools in support of affordable housing, disinvestment at the Federal level and all the other challenges that being faced.  Knowing that TIF investment will disappear over time, the efforts of the Welcome Home Coalition and others who are working on the revenue side, as well as new tools like Commissioner Saltzman’s incentive zoning proposal, which OON’s Executive Director just texted her has passed Council unanimously, in the meantime it’s absolutely essential that TIF is kept as a tool.  Given the importance of TIF, OON believes the focus should be on ongoing monitoring, reporting, and accountability around the TIF Set Aside funds. Even more important is course correction as needed. If the goals and targets by unit and percentage are not being met the thinking should be around making necessary adjustments.  OON believes we should not simply be focused on dollars spent but on detailed information on units produced, analysis on outputs and outcomes, how resources are being leveraged and looking ahead as land prices continue to rise. OON believes we should be considering looking at additional tools like land banking and a variety of other tools to mitigate land prices. They would like to see detailed reporting on what the bureau is spending and where and how it relates to units created. She believes the next generation of the State of Housing Report would be an ideal place to do that.  She would like to repeat that they view 0-30% MFI as a floor and not a ceiling as prior commenters have mentioned. They believe that the 70% that stays with PDC can and should be used to maximize public benefit, prevent and mitigate displacement, and increase opportunity for low income households and communities of color including housing, mixed use, and economic development projects.  Toward that end they would like to see an increased working relationship and alignment of investments in a transparent way between PDC and PHB including aligned and complete reporting of financial information, as well as a system process around availability and deployment of funds, including not just set aside but other funds as well.  With the help and assumption that this set aside policy continues they are looking for strengthening and coherent aligned strategies not just for PHB but including PDC as well.  She thanks the members for their service on the Commission and the opportunity to testify.  Mary McWilliams from the League of Women Voters of Portland Action Committee comments by reading this [letter](http://www.portlandoregon.gov/phb/article/539012). After reading the letter she adds that one of the reports given earlier on the Bonus and Transfer program, she quickly looked through the materials provided and saw that it included unit numbers which is what she was looking for – they are recommending that unit numbers be included along with everything else in the report.  Jes Larson from Welcome Home Coalition comments, she would like to reiterate much of what has already been said. The purpose of the TIF Set Aside is to create homes for Portland families and that’s what we are interested in knowing about. They aren’t interested in how many dollars have been spent on affordable housing they want to know how many homes have been created and which Portland families are being served with these dollars. Their most important feedback it to reiterate the need to see the actual number of units created. She also states that it seems appropriate that the State of Housing Report is where that information should be tracked year over year – they were of the understanding that was one of the original purposes of the State of Housing Report.  Welcome Home is working to follow up this great work from the Affordable Housing Now Coalition that brought us the TIF Set Aside. It is clear this isn’t a sustainable revenue source and it’s necessary to find new flexible funding to better meet our area’s needs for affordable housing. We are working with PHB and all of the partners in the room and in the City to make that possible and until new dollars can be secured TIF needs to be made to go as far as possible. Many of the suggestions made today are critical in making the available dollars more effective in creating more affordable units with limited resources.  Jes states that she was a housing case manager for eight years with NW Pilot Project and she would like to stress that 0-30% households aren’t necessarily families that need permanent supportive housing. They are families that need an affordable home like all the rest of the households and there are a lot of examples of affordable housing units of 0-30% that don’t require a lot of service dollars and are there ways of building those. Like St. Francis, one of the most wonderful apartment building in town, it doesn’t have a lot of intensive services but it is truly affordable to people with limited incomes. Being flexible with how the 30% is being thought of regarding affordability and knowing that it doesn’t necessarily come with the extra weight of permanent services for people who have been chronically mentally ill or struggling with the trauma of chronic homelessness for example.  Jes continues, to incorporate a perspective regarding the TIF Set Aside for housing, it’s not just revenue dedicated to making sure we fund affordable housing but it’s also a mitigating factor. Many of our URAs create gentrification and displacement. It can be seen in the story of the Interstate Corridor Urban Renewal Area (ICURA) and there is an extreme worry that the same thing will happen in Lents. She wants to know if there is a way to put a lens on this tool to see it not as how many dollars are being spent on housing but looking at the level of affordability at the start of a URA versus when the URA has expired. These dollars should be used to mitigate the impacts of urban renewal. She thanks the Commission for hearing her testimony.  Jesse states that all the people signed up have testified and asks if any members of the public would like to speak or if staff would like to comment on questions that were asked, in particular the 0-30% in aggregate versus per district. He adds that there has been some discussion on preference policy that would allow people, even if they are in a current TIF district, to have preference for affordable housing built in non-TIF districts. The floor is open first to Commissioners and staff.  Amy would like to know a little bit more about the thinking surrounding very low income earners and the assumption that those individuals need a lot of supportive services. She knows many people in that 30% who are just fine with supportive services.  Javier clarifies that it’s not just services. As it turns out the revenue that’s provided from the lower rents creates a bigger financial gap that PHB has to cover somehow. This is where the challenge lies, because of the very limited income coming into the project. If PHB was to look at the current make up of tenants in PHB funded units, even though they aren’t restricted to 30%, there is a great percentage of the tenants who are at that income but because of other resources that fill the gap they are able to stay in those units.  Amy restates, so it’s mainly the costs of keeping the units operational. Javier answers in the affirmative.  Javier continues, in terms of who to contact for continuing feedback, Matthew Tschabold is the bureau’s lead on this and is the one who will fulfill requests for information and answer any questions the public may have.  Javier addresses the aggregate on the 30% he can’t speak to it at this time and asks Matthew if he has anything to add.  Matthew answers that PHB hasn’t run the numbers of what it would like through 2021 under the old model but he’s sure they can look into what those number would look like if people are interested. He also has a better understanding of what the targets were with respect to unit counts. PHB will make sure to look at the targets versus what has been produced.  Javier adds that there was a point about publicly owned land that was brought up. He says that when you include land from Tri-Met, PPS, etc., there is no such inventory. It is very challenging, even within the City, to have such an inventory. There is one that the Office of Management and Finance (OMF) has, but of the properties included, we don’t know which ones will be available for transfer or development. There is an inventory for PHB owned land, and we can give you an idea of when we expect those properties to be developed. Beyond PHB we don’t have the ability to provide an inventory or meaningful information of all publicly owned land.  Dike adds that it does exist and he has a copy of all the land that PDC owns sitting on his desk. A person would just need to call PDC and ask.  Stephen adds that would be a short list. The two biggest property owners would probably be PPS and the County. There are a number of properties that have not been touched in 20 years.  Matthew adds, it would be relatively easy to pull public land by owner, but it’s the vacant piece particularly other jurisdictional entities or surplus that would be the challenging part. We could pull every parcel that PPS owns, but whether or not PPS has done the analysis on whether the properties are vacant, surplus, or available is another matter.  Stephen states the hard thing is getting them to commit to affordable housing like we are committed to affordable housing. He lives in NE Portland where Des La Salle North Catholic High School has the North Kenton soccer field, but no soccer team. It’s a huge field and hypothetically the whole $20M set aside could be used right there.  Jesse adds that City Council is trying to tackle the issue of surplus City land. Each bureau has its own system of tracking or not tracking what it owns and whether it qualifies as surplus or not. This is an issue that many people have tried to tackle over the years and it’s great to see the whole City Council looking at this as something they want to do. Indeed affordable housing is a priority in seeing how the City’s surplus land should be used. The County has an existing affordable housing priority around certain pieces of surplus land but it doesn’t take a hard look at it on a regular basis. It’s mainly through tax foreclosures that it makes this land available and that is very rare. PPS is growing and it’s not sure how it will grow, so they hold onto their property tightly. This is a conversation worth having and it’s good to have a lot of people pushing for this because it’s an issue that will continue to affect our communities. Tri-Met has surplus land that they often make available when it is close to light rail, which they normally sell for one dollar. There are currently affordable housing developments that were developed on land purchased from Tri-Met for one dollar. Tri-Met is one of the first public transit agencies to push for using Federal transit dollars to people to do that. There is a site in Kenton near Denver that was planned for affordable housing but a library was built first, but the site is still sitting there waiting for development. The land is out there and more pressure to use it is a good thing.  Matthew adds, lastly regarding when material are available in advance of PHAC meetings. At a minimum they are available at least a week in advance of the meeting which would include any draft recommendations for the August meeting. Ideally we’d like to post them earlier but at a minimum they will be posted at least a week before the next meeting for your review. | * **All materials for the upcoming meeting will be posted on the website at least a week in advance of the meeting.** |
| **For the Good of the Order** | Jesse thanks the public members for attending. No further announcements. Jesse adjourns the meeting. |  |