



Portland Housing Bureau

Mayor Ted Wheeler • Interim Director Shannon Callahan

To: Portland City Council
From: Shannon Callahan, Interim Director *sc*
Date: March 20, 2018
RE: N/NE Neighborhood Housing Strategy Oversight Committee Annual Report

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

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

The 2017 Report raises concerns in five primary areas. The following is our summarization of the *Action Plan* we presented to the Committee regarding these concerns.

Homeownership: Delays in families becoming homeowners and slow production of new homeownership units.

PHB has contracted with 1) the African American Alliance for Homeownership Collaborative (AAAH) a partnership that includes NAYA, Proud Ground, Hacienda and Habitat for Humanity and 2) PCRI to provide 65 homeowners in the Interstate Urban Renewal Area homeownership opportunities using the N/NE Preference Policy. Services were contracted for in 2015, and preference policy households were selected and provided to our partners in the Fall of 2016.

PCRI will be developing 22 new homes for families with expected completion dates in 2018 and 2019. The AAAH Collaborative is utilizing a mix of 17 down payment assistance loans, and developing 24 new homes with an expected completion dates in Summer and Winter of 2019.

PHB will be providing the N/NE Neighborhood Housing Strategy Oversight Committee quarterly reports on the progress of the developments as well as reviewing the mortgage readiness of all families working with our partners.

PHB will be actively managing the households on the list with our partners. We will survey preference policy families every six months to ensure they understand information being provided around homeownership opportunities and the associated timelines. PHB and our partners will work

YOUR NEIGHBORHOOD, YOUR VOICE

PORTLAND HOUSING BUREAU
NORTH / NORTHEAST NEIGHBORHOOD
HOUSING STRATEGY

**North/Northeast
Neighborhood Housing
Strategy
Oversight Committee

2017 Annual Report**



INTRODUCTION: CHARGE, CHARTER AND MEMBERSHIP OF THE OVERSIGHT COMMITTEE

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

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

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

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

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

NORTH / NORTH EAST PORTLAND NEIGHBORHOOD HOUSING STRATEGY: COMMUNITY OVERSIGHT COMMITTEE CHARTER

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

SCOPE OF THE OVERSIGHT COMMITTEE

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

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

MEMBERSHIP OF THE OVERSIGHT COMMITTEE

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

Lisa K. Bates PhD, Associate Professor Portland State University, Center for Urban Studies

Reverend T. Allen Bethel, Sr. Pastor Maranatha Church

Triston Dallas, Attorney

Karin Edwards, Cascade Campus President, Portland Community College

Jilian Saurage Felton, Saurage Consulting

Sheila Holden, Regional Community Manager, Pacific Power

Marlon Holmes, Community Member

Virgie Ruiz, Community Member

Felicia Tripp, Deputy Director, Portland Housing Center



COMMUNITY ENGAGEMENT

In 2017 the oversight committee met seven times, at New Song Community Church, in the evening to provide equitable access so that the community could actively participate. In addition, all meetings have been recorded by Open Signal and broadcast on Channel 30. Our commitment is to be accountable, accessible and transparent as representatives of the community. This equitable functionality is creating an atmosphere of anticipation for authentic advocacy as it relates to affordable housing in N/NE Portland.

This is a heavy lift, it is going to continue to take time and we must keep our word. Our commitment as the oversight committee is to ensure both happen for the benefit of the community. These meetings are open to the public to ensure that we offer the greatest possible access and opportunity for participation to those members of the community who have historically been disconnected and excluded from public participation. As a result, there has been greater involvement, and honest interaction from community members. We are convinced, that as the promises that have been made, become promises kept, a healthier community will be fostered for all of us.

Over the course of the year, there were transitions of committee members, which led to vacancies. We were able to fill those vacancies with dynamic and equally committed individuals: Sheila Holden, Pacific Power; Dr. Karin Edwards, PCC; Triston Dallas, Attorney.



THE NORTH/NORTHEAST NEIGHBORHOOD HOUSING STRATEGY - RECOMMENDED ALLOCATIONS JANUARY 2015

⊗ 1. PREVENTING DISPLACEMENT

	Time Frame	Homes created or households assisted	Total Amount Over Five Years
Single Family Home Repair. <ul style="list-style-type: none"> Provide zero percent interest loans of up to \$40,000 per home to provide critical home repairs for low income homeowners up to 80% of median family income qualify (\$38,850 for one person, \$55,000 for a family of four). 	Starting immediately, annual allocation for five years.	80 households	\$3.2 million
<ul style="list-style-type: none"> Provide grants of up to \$5,000 per home to provide critical home repairs to seniors and people with disabilities up to 50% of median family income (\$24,000 for one person, \$34,700 for a family of four). 	Starting immediately, annual allocation for five years.	160 households	\$800,000

✿ 2. CREATING NEW HOMEOWNERS

	Time Frame	Homes created or households assisted	Total Amount Over Five Years
Invest in homeowners. <ul style="list-style-type: none"> Increase PHB funding for Down Payment Assistance Loan (DPAL) Program, assisting first time homebuyers with incomes up to 80% median family income. 	Starting immediately, anticipate fully deploying in three years.	40 households	\$2.4 million
Create new affordable homes. <ul style="list-style-type: none"> Create permanent affordability and new affordable housing stock in the community, investing with community based organizations to leverage their expertise and additional funds (includes land trust, sweat equity, and other leverage models). 		32 households	\$2.6 million

✿ 3. CREATING RENTAL HOMES

	Time Frame	Homes created or households assisted	Total Amount Over Five Years
Permanently affordable rental homes. <ul style="list-style-type: none"> Redevelop PHB-owned land on NE Martin Luther King, Jr. Blvd. between NE Cook St. and NE Ivy St. for affordable rental housing. Emphasize family-sized units and family-friendly features. Work with PDC and others to identify ground-floor commercial opportunity for local business(es). 	Starting immediately.	40-80 households	\$4.5 million plus land
<ul style="list-style-type: none"> Redevelop one or more additional properties either owned by PHB, the County, or other partners. 	Start 2017	30-60 households	\$3.5 million

✿ 4. LAND ACQUISITION

	Time Frame	Homes created or households assisted	Total Amount Over Five Years
<ul style="list-style-type: none"> Acquire additional land to be used for permanently affordable housing. Work with the community and other institutions to leverage additional funds for this purpose. 	Starting immediately.		\$3 million



THE "TIF LIFT" - ALLOCATIONS BASED ON COMMUNITY FEEDBACK - APPROVED BY COUNCIL MARCH 2017

⊗ 1. PREVENTING DISPLACEMENT

	Homes created or households assisted	Total Amount Over Five Years
Single Family Home Repair. <ul style="list-style-type: none"> Provide zero percent interest loans of up to \$40,000 per home to provide critical home repairs for low income homeowners up to 80% of median family income qualify (\$38,850 for one person, \$55,000 for a family of four). 	102 to 110 households	\$4.1 to \$4.4 million
<ul style="list-style-type: none"> Provide grants of up to \$5,000 per home to provide critical home repairs to seniors and people with disabilities up to 50% of median family income (\$24,000 for one person, \$34,700 for a family of four). 	120 to 180 households	\$600,00 to \$900,000

⊗ 2. CREATING NEW HOMEOWNERS

	Homes created or households assisted	Total Amount Over Five Years
Create new affordable homes. Create permanent affordability and new affordable housing stock in the community, investing with community based organizations to leverage their expertise and additional funds (includes land trust, sweat equity, and other leverage models).	85 to 90 households	\$7 million Reduced by \$2 million to account for increased subsidy for original 65 applicants.

⊗ 3. CREATING RENTAL HOMES

	Homes created or households assisted	Total Amount Over Five Years
Permanently affordable rental homes. <ul style="list-style-type: none"> Argyle/Interstate Spring Notice of Funding Availability 	150 units TBD	\$19.2 million plus land



2017 OVERVIEW OF TOPICS

The following list highlights items reviewed and discussed by the Committee in 2017. (Note: this is not a comprehensive list, but a summary of the areas of concentration.)

- Home Ownership – Remains a top priority of high importance for the committee. Much of our discussion in 2017 was focused on home ownership issues: preference policy utilization, subsidy increase, allocation of dollars and general project updates on construction and timelines for completion.
- Interstate Project Updates – 2017 provided many affordable housing options, both rental and home ownership within the URA. The Committee engaged in robust discussions with partners to ensure that an equitable lens is being applied for all aspects of development through lease up. It was essential to engage with the partners who are developing the housing options so that real time interaction could happen. (see table on page 9)
 - One example that illustrates the importance of real time interaction is with the Bridge project on N. Williams. After the original presentation from Bridge housing for their Williams avenue project, the committee was concerned with design, community engagement, family sized units, and MWESB participation. As a result of that dialogue, significant adjustments were made. Several community engagement strategies were implemented, unit sizes were adjusted and consultation with MCIP and NAMAC to improve MWESB participation happened. Bridge has been very responsive, so much so that their CEO came from California to meet with the committee to hear our concerns directly and reinforce their commitment to accountability.

This is an example of the necessity of the Oversight Committee and the accountable action that can occur as a result. Understanding the significance of the historic impact that displacement has had on N/NE Portland, our ongoing work demands that we remain current and engaged.

Interstate Development Status

Sponsor	Project	Type	Location	Units	Status
Proud Ground	5020 N. Interstate Ave.	Ownership	5020 N Interstate Ave.	TBD	Proud Ground waiting on State TIF funds
Habitat	Olin Townhomes	Ownership	7513 N. Olin Ave.	12	Construction start Dec/Jan 2018
REACH	Argyle / TriMet	Rental	2133 N Argyle St.	215	On hold due to funding gap
PCRI	Beatrice Morrow	Rental	3368 NE MLK Blvd.	80	Construction started, to be completed 8/2018
CCC	Charlotte B. Rutherford	Rental	6905 N Interstate Ave.	51	Construction started, to be completed 7/2018
PCRI	King Parks	Rental	6431-6435 NE MLK Blvd.	60	Submit for permit scheduled for early 2018
IHI	Magnolia 2	Rental	NE MLK Blvd. b/t Cook and Fargo	50	In design development
Bridge	N. Williams	Rental	2124 Williams Ave.	61	In design development, working on filling funding gap
Bridge Meadows	New Meadows	Rental	8710 N. Dana Ave.	16	Construction started

⊕ Preference Policy Home ownership

Status	AAAH	PCRI	Total
Available slots per award	43	22	65
PHB referred households to Partner agencies	77	33	110
Referred from one partner agency to another	0	1	1
Rescinded / Opted Out	45	12	57
Approved	32	20	52
Purchased homes	4	0	4
Number of households actively in pipeline	28	20	48
Number of available slots for new households	11	2	13

- ⊕ Boundary Change for ICURA – a recommendation was brought forward from both PHB and partners to change the boundary for utilization of N/NE funds to extend beyond the “study area” to include the entire interstate URA. Due to market increases within the study area preventing potential home buyers from utilizing down payment assistance. Additionally, partners would be able to purchase land for development in less expensive areas within the URA.
- ⊕ Subsidy Increase – It is important to note that there are three approaches to home ownership: 1) purchasing existing stock 2) permanent affordability/land trust and 3) development of new stock. PHB and the partners requested to increase the subsidy for home ownership from \$80,000 to \$100,000 was presented to the Oversight committee in September. It was deemed necessary to hold a “special” meeting in October to specifically address this request. With much deliberation, the committee voted to support the recommendation to increase the subsidy for down payment assistance from \$80k to \$100k and development from \$100K to \$125K. Our ongoing concern and effort is to ensure that those individuals and families that have been impacted by displacement, gentrification and/or city action have the necessary means to take advantage of opportunity.
- ⊕ ADU program – The accessory dwelling unit proposal was presented to the committee on two separate occasions. The committee had many questions about program design, taxation, relocation requirements, business license requirements and impact on owners. We are unclear as to the goal of the ADU program as both displacement mitigation and wealth generation were proposed as reasons to enact this program. At this time, the committee is not in support of the program as currently proposed, believing that it needs additional exploration and explanation of the impacts and issues brought up at those meetings.
- ⊕ Prosper Portland Partnership – Prosper continues to be a great partner for PHB and the Oversight Committee, with collaboration and cooperation to support our efforts to address displacement. Specifically, their investment of \$5 million to provide funds for home repair, down payment assistance and ADU dollars will enable PHB to assist families making 80-120% of AMI, families that have traditionally been unable to partake in PHB programs due to lower AMI limits.



DEMOGRAPHIC DATA

Interstate Corridor URA Home Repair Loan Funds

Homeowners

In 2017, PHB funded Home Repair Loans for 18 low and moderate-income homeowners residing in the Interstate Corridor Urban Renewal Area (ICURA) totaling \$640,911. PHB is working with an additional 17 ICURA homeowners who are in the process of selecting contractors for their home repair loan.

Homeowner Demographics

White	9
African American	7
Declined to Answer	1
American Indian/Alaskan Native	1
Asian	2

Income of Homeowner

0-30% AMI	4
31-50% AMI	5
51-80% AMI	6
80-100% AMI (Prosper Portland funds)	1
101-120% AMI (Prosper Portland funds)	2

Contractors

October 2016 - September 2017

Total funds spent with contractors - \$573,493

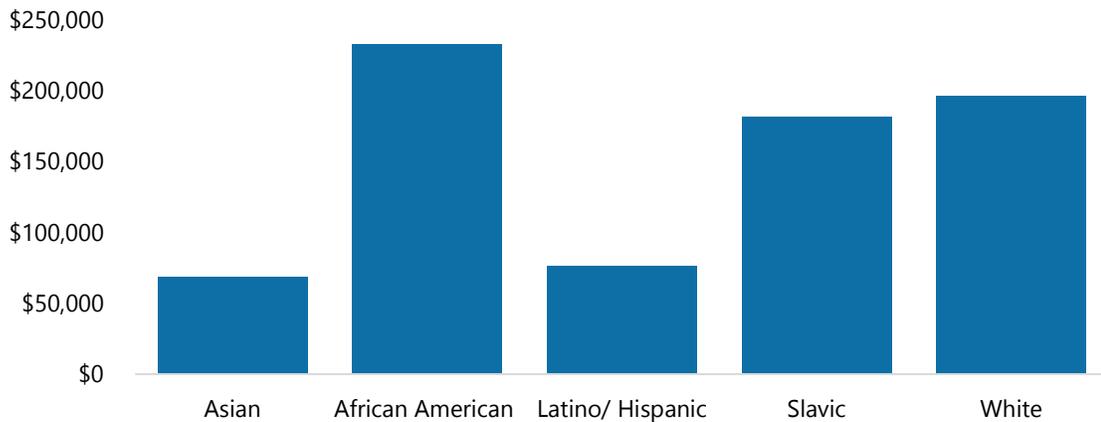
Average project costs - \$31,860

Total number of contractors – 8

Total Funds by Firm Type

Certified MBE Firms	\$131,687
Certified & Self-Reported MBE Firms	\$377,251
Certified WBE Firms	\$90,723
Certified & Self-Reported WBE Firms	\$130,900
Certified ESB Firms	\$246,906

Total Funds by Race for Contractors



Interstate Corridor URA Home Repair Grant Funds

Homeowners

Homeowner Demographics

African	0
Asian	3
Black / African American	64
Latino / Hispanic	4
Middle Eastern	0
Native American / Alaskan Native	1
Native Hawaiian / Pacific Islander	2
Slavic	0
White	35
Declined to Answer	0

Income of Homeowner

0-30% AMI	66
31-50% AMI	38
51-80% AMI	9
Over 80% AMI	0

Contractors

October 2016 - September 2017

Total funds spent with contractors - \$69,508

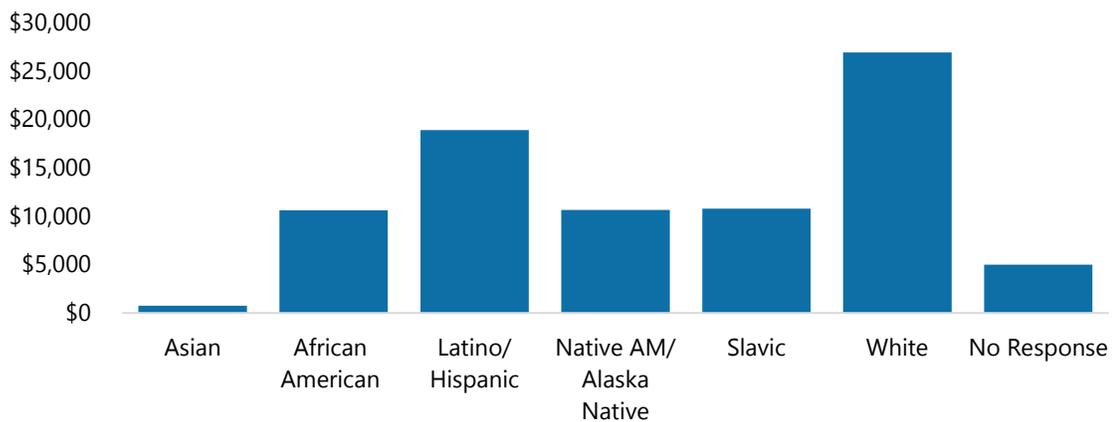
Average project costs - \$1,007

Total number of contractors – 22

Total Funds by Firm Type

Certified MBE Firms	\$27,403
Certified & Self-Reported MBE Firms	\$40,042
Certified ESB Firms	\$31,010

Total Funds by Race for Contracted





COMMITTEE EVALUATION

- Home Ownership – 2017 afforded many accomplishments in home ownership,
 - We increased the subsidy to enable preference policy applicants at a lower income to be able to purchase homes. It became clear that one of the issues with assisting individuals and families in securing housing was the amount of subsidy needed. The original amount of subsidy was proposed at \$60K per household. Because of the significant increase in housing costs, that amount was quickly adjusted to \$80K. However, the gap was too significant and the subsidy was increased to \$100K for down payments on existing stock and \$125K for development.
 - A significant concern for the Oversight Committee is that at this point only four families have been able to become homeowners through the down payment assistance process. We were very clear with our concern about increasing the subsidy amount. Our charge to PHB and the Partners was that this money be used to advance this stalled process and that this would result in multiple individuals and families becoming homeowners. To date we have made little progress.
 - Home repair is a significant strategy for displacement mitigation. Millions of dollars were budgeted this year for this program, yet relatively few dollars were spent and minimal families benefited, only 18 families received loans this year compared to 40 in 2106. As we review the specific information provided by PHB, we are concerned that the numbers do not reflect strongly for people of color who could utilize the program.
 - Production of affordable housing stock is a major concern. Time is of the essence and delays continue. We are not clear as to all the reasons for delays and are working to gain understanding to assist with resolution. It is our desire to support the process as expeditiously as possible.
 - Timely information from partners and PHB continues to be a challenge. As referenced before, with housing stock issues, home repair mitigation, DPAL needs, etc. the committee is still time delayed with cause for challenges. It is our intent to support a successful process. We will engage PHB and the partners in establishing a specific process to remedy unnecessary delays.
 - A significant concern of the committee is in reference to the utilization of the preference policy and people being processed by the partners. It is our understanding that unexpected issues that have caused delays, denials and

dismissals from the process have occurred. We are committed to assisting in the resolution of these challenges to ensure the most successful process that benefits as many families as possible.

- Rental Developments - There are many successful projects in process. 2017 afforded the launch, implementation,
 - The committee has significant concern for the Reach project of Argyle and Interstate. It no longer reflects the original proposal, the community needs nor the NOFA that was responded to. We recommend that this project be reconsidered and significantly revised.
- Preference Policy - One of the greatest accomplishments of this work is the preference policy that has been upheld by HUD and is precedent setting. This policy has the opportunity to set pace for the nation. However, there are challenges with the implementation of the process and we would like PHB to set a standardized approach that defines who does what, by when and how. Our desire is to see as many families benefit from the limited resources that exist as rapidly as possible.
- It is the concern of this Committee that the present approach for DPAL will leave an undue burden on families that have already been impacted by city action. We would like to see a policy that allows for complete forgiveness of the subsidy amount afforded the recipients who maintain ownership of their homes for thirty years. This could be a sliding scale of forgiveness that allows for percentages to be dropped over a period of years, i.e. in increments of 10 or in increments of 5 after X amount of years of ownership. However, established, we recommend that the dollars be forgiven.
- Education and support for those returning to the neighborhood. The neighborhood has changed, and there is a need to make sure that families can do more than exist.
- Allocation of the remaining Tax Increment Financing - how these dollars will be utilized most efficiently.
 - Reexamine information from the forums and the needs and ideas that came through community voices, including those of property owners, landlords, etc.
 - Host additional forums to gather information on what's working, what's not working and suggestion for new programming.
 - Use remaining funds for different kinds of programming that may be useful for NNE and other gentrifying areas.
 - Examine the State of Housing report and, recognizing that most poor folks live in unsubsidized housing, and determine how to stabilize that, explore other viable strategies (is it short term rent assistance, City based vouchers, funds to do repairs and healthy homes?).

CONCLUSION

It is clear from the preceding information that the work of the oversight committee is necessary. We are convinced, that providing long term solutions for individuals and families can be accomplished. What is in front of us is going to require a greater willingness from both PHB and the community partners to communicate issues, work through those issues and come to agreement.

Our suggestion is for a more standardized approach from PHB and the partners that will establish consistency with communication along with clarity of expectations, deadlines and accountability. Now that investment dollars have increased and programs have grown a new way of doing business between PHB and the partners is necessary. What once was functional is no longer feasible. We would like to participate in a process that facilitates a more efficient engagement in 2018.

We each must keep in mind that the goal is preventing displacement, creating new home owners and developing rental units in N/NE Portland. Each of us must be committed to making sure that the promises made, in 2015 by both PHB and City Council, are the promises kept by all participants. The oversight committee welcomes feedback from community members

It is the commitment of the Oversight Committee to make sure that the promises that have been made are the promises that are kept.

Agenda No.
REPORT
Title

Accept the ~~annual report for calendar year 2017~~ of the North and Northeast Neighborhood Housing Strategy Oversight Committee, (Report)
2017 Report

<p>INTRODUCED BY Commissioner/Auditor: Mayor Wheeler</p>	<p>CLERK USE: DATE FILED <u>MAR 27 2018</u></p>
<p>COMMISSIONER APPROVAL</p> <p>Mayor—Finance & Administration - Wheeler <i>✓</i></p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Eudaly</p>	<p>Mary Hull Caballero Auditor of the City of Portland</p> <p>By: <i>[Signature]</i> Deputy</p>
<p>BUREAU APPROVAL</p> <p>Bureau: Portland Housing Bureau Bureau Head: Shannon Callahan <i>[Signature]</i></p> <p>Prepared by: Leslie Goodlow Date Prepared: 1/31/2018</p>	<p>ACTION TAKEN:</p> <p>APR 04 2018 ACCEPTED</p>
<p>Impact Statement</p> <p>Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p>	
<p>City Auditor Office Approval: required for Code Ordinances</p>	
<p>City Attorney Approval: required for contract, code, easement, franchise, charter, Comp Plan</p>	
<p>Council Meeting Date 4/4/2018</p>	

AGENDA
<p>TIME CERTAIN <input checked="" type="checkbox"/></p> <p>Start time: 10:00 am</p> <p>Total amount of time needed: 60 minutes (for presentation, testimony and discussion)</p>
<p>CONSENT <input type="checkbox"/></p>
<p>REGULAR <input type="checkbox"/></p> <p>Total amount of time needed: _____ (for presentation, testimony and discussion)</p>

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	✓	
2. Fish	2. Fish	✓	
3. Saltzman	3. Saltzman	✓	
4. Eudaly	4. Eudaly	✓	
Wheeler	Wheeler	✓	