

THE CITY OF
PORTLAND



OREGON

OFFICE OF
NEIGHBORHOOD
ASSOCIATIONS

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Memo to: Community Development and Planning Committees
From: Mary Pedersen
Subject: HCD Program

Enclosed is a draft of the "Implementation Criteria" for the Housing and Community Development Program. This draft has been prepared by staff at the Portland Development Commission for review and comment by other staff members and citizens active in the HCD process.

We are sending you the first 11 pages of the draft. The 39 pages of the appendices are available at neighborhood offices, and they spell out the description of the programs and who is responsible for them.

Your comments and suggestions should be returned to Ray Bowman at PDC (1700 S. W. 4th - 224-4800) as soon as they are ready. If possible, we would like to receive copies for the file on Citizen Participation.

-OUTLINE-

A COMMUNITY DEVELOPMENT PROGRAM

Implementation Criteria for Utilization of Housing & Community
Development Block Grants

- I. GOAL: MAINTAIN AND IMPROVE THE QUALITY OF RESIDENTIAL NEIGHBORHOODS.
 - A. Criteria For Designating Neighborhoods for Community Development Assistance.
 1. Evidence of neighborhood commitment.
 2. Evidence of neighborhood vulnerability.
 3. Compliance with federal rules and regulations governing Community Development Block Grants.
 - B. Types of Residential Neighborhood Stabilization Areas.
 1. Stabilization strategy for predominantly single family, owner-occupied residential areas.
 2. Stabilization strategy for predominantly multi-family residential areas.
 3. Areas which are predominantly residential but are in a state of transition.

- II. GOAL: PRESERVE AND ENHANCE THE COMMERCIAL AND INDUSTRIAL AREAS.
 - A. Criteria for Designating Special Project Areas for Community Development Assistance.
 - B. Types of Special Project Areas.
 1. Commercial Districts.
 2. Industrial/Economic Development Areas.
 3. Areas which are predominantly non-residential that are in a state of transition.

APPENDIX

1. Summary of Project Activities and Program Budget.
2. Synopsis of Implementation Programs.
3. Glossary.

DEVELOPMENT

A COMMUNITY DEVELOPMENT PROGRAM

I. GOAL: MAINTAIN AND IMPROVE THE QUALITY OF RESIDENTIAL NEIGHBORHOODS.

A. Criteria for Designating Neighborhoods for Community Development Assistance.

1. Evidence of neighborhood commitment.
 - a. There is an identifiable, organized and representative neighborhood association with a commonality of interests among its residents.
 - b. Neighborhoods must request technical assistance in planning related matters.
 - c. Neighborhood planning assistance has (or will): a) identified physical, economic and social problems, b) identified needs and priorities and c) suggested solutions and potential resources.
 - d. There is a specific neighborhood commitment to participate in and assist with both the planning and project implementation process.
2. Evidence of neighborhood vulnerability.
 - a. Declining housing conditions and values.
 - b. Substandard and blighted housing.
 - c. Increasing turnover in ownership and/or occupancy.
 - d. Insufficient income to maintain property.
 - e. Social/economic instability.
 - f. Unstable conditions caused by changes in land use and zoning.
 - g. Declining physical facilities and services of neighborhood.
 - h. Peripheral forces having a negative effect on the area.
 - i. Special or extenuating circumstances.
3. Compliance with Federal rules and regulations governing Community Development Block Grants.

Emphasis is on the development of viable urban communities, especially for persons of low and moderate income, which is compatible with the following objectives:

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- a. Provision of decent housing and a suitable living environment.
- b. Expanding economic opportunities.
- c. Elimination and prevention of slums and blight.
- d. Elimination of conditions detrimental to health, safety, and welfare through code enforcement, demolition, rehabilitation and related activities.
- e. Conservation and expansion of housing stock.
- f. Expansion and improvement of community services.
- g. Better arrangement of residential, commercial, industrial, recreational and other needed activity centers.
- h. Increasing the diversity and vitality of neighborhoods by reducing isolation of income groups.
- i. Restoration and preservation of properties for historic, architectural or esthetic reasons.

B. Types of Residential Neighborhood Stabilization Areas.

- 1. Stabilization strategy for those portions of Community Development Areas where housing is predominantly single-family, owner-occupied with the emphasis on rehabilitation, retention, and upgrading of such housing.

Programs to be utilized in implementing this strategy are housing assistance (DPL, 312, PIL, Demolition Loan Fund, Housing Recycle Program and administration of an Occupancy Permit Program), and public improvements (local street improvements, street trees and lighting, public utilities, traffic signals and intersection improvements, parks and open space, and other related facilities).

- a. Designate boundaries of "rehabilitation area" where:
 - 1) Structures are predominantly designed as single-family dwellings containing one owner occupant household.
 - 2) There is appropriate zoning for single-family housing rehab program (R5/A2.5).
 - 3) The condition of individual structures is such that rehabilitation is economically and structurally feasible.
 - 4) The factors of employment, property values and household income are sufficient to make rehabilitation and maintenance feasible on both an individual and overall basis.

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- 5) There are a minimum number of blighted structures needing removal.
 - 6) Units needing upgrading are primarily owner-occupied because of the voluntary nature of the rehabilitation loan programs.
 - 7) Community facilities (schools, transportation, parks, shopping) are adequate or can be improved to support rehabilitation efforts.
 - 8) Peripheral forces will not have a negative effect upon stabilization efforts.
 - 9) Neighborhood association supports and actively participates in the program, i.e., clean-ups, volunteer efforts, dissemination of information and special projects.
- b. Efforts within an identified rehabilitation area will be concentrated initially in an area(s) where maximum results can be realized. This entails the selection of an "impact area" where:
- 1) Condition of structures are average to above average for area.
 - 2) Complimentary project improvements can be undertaken (street repair, beautification, lighting).
 - 3) Interest, individual household income and/or equity are sufficient to qualify for rehabilitation programs as determined by canvassing of property owners.
 - 4) The size of the impact area(s) is limited in order to lend itself to a geographic identity which maximizes total improvements and serves as a model where change is noticeable.
 - 5) Impact area(s) should be feasible for subsequent expansion. Selection of other impact areas may also be undertaken at a later date.
 - 6) Residents outside of specifically designated impact areas who are within the rehabilitation area and wish to participate will be assisted on a first-come, first-serve basis.

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c. Implementation Process and Roles.

<u>Major Functions</u>	<u>Role Responsibilities</u>
1) Compile and analyze physical, socio-economic, and neighborhood conditions data: identify potential rehab area boundaries and impact area(s).	Bureau of Planning/ PDC
2) Review data and staff findings and recommendations: establish initial rehab area boundary and preliminary impact area(s).	Neighborhood Associations/ OPD
3) Sample survey of rehab area and systematic canvass of preliminary impact area.	PDC
4) Review survey and canvassing results and determine both rehab and impact area(s) boundaries.	Neighborhood Associations/ OPD
5) Establish rehab area boundary and authorize the undertaking of assistance programs.	City Council
6) Concentrated marketing of rehab program and related project improvements in impact area(s); inform residents in balance of rehab area of program availability.	PDC
7) Qualify applicants for rehab assistance; initiate and undertake improvements, certify compliance to code and contract.	Homeowner/PDC/Bureau of Buildings/Building Contractor
8) Design, let contracts, and undertake project improvements (streets, trees, lighting, clean-ups, etc.)	Property Owner/Neighborhood Associations/PDC/Appropriate City Bureaus and Departments

2. Stabilization strategy for those portions of Community Development areas where housing is predominantly multi-family with emphasis on rehab, upgrading and conversion to multi-family housing.

Programs to be utilized in implementing this strategy are housing assistance (Commercial/Residential Loan, 312 Loan for three or more units in a structure, Demolition Loan Fund, CML) and public improvements (local street improvements, street trees and lighting, public utilities, traffic signals and intersection improvements, parks and open space, real estate acquisition, disposition and relocation and related facilities).

a. Designate boundaries of multi-family rehabilitation area where:

- 1) Structures are predominantly designed for multi-family occupancy.

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- 2) Existing single-family dwellings have been or are being converted to multi-family occupancy.
- 3) There is appropriate zoning for multi-family rehab program (A2.5, A1).
- 4) The condition of individual structures is such that rehabilitation is economically and structurally feasible.
- 5) The factors of owner interest, property values and income derived from the property itself are sufficient to designate the area for rehabilitation and maintenance.
- 6) There are a minimum number of blighted structures needing removal.
- 7) Community facilities (schools, transportation, parks, shopping) are adequate or can be improved to support rehabilitation efforts.
- 8) Complimentary project improvements can be undertaken (street repair, beautification, lighting).
- 9) Neighborhood association supports and actively participates in the program, i.e., clean-ups, volunteer efforts, dissemination of information, and special projects.
- 10) Peripheral forces will not have a negative effect upon stabilization efforts.
- 11) A market exists and will continue to develop for multi-family rental units.

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b. Implementation Process and Roles

Major Functions

Role Responsibilities

- | | |
|--|-----------------------------------|
| 1) Compile and analyze physical, socio-economic, and neighborhood conditions data: Identify potential rehab area boundaries. | Bureau of Planning/PDC |
| 2) Review data and staff findings and recommendations: Establish initial rehab area boundary. | Neighborhood Associations/
OPD |
| 3) Sample survey of rehab area. | PDC |
| 4) Review survey and determine rehab area boundaries. | Neighborhood Associations/
OPD |

- | | | |
|----|---|---|
| 5) | Establish rehab area boundary and authorize the undertaking of assistance programs. | City Council |
| 6) | Concentrated marketing of rehab program and related complimentary project improvements in rehab area. | PDC |
| 7) | Qualify applicants for rehab assistance; initiate and undertake improvements, certify compliance to code and rehab contract. | Homeowner/PDC/Bureau of Buildings/Building Contractor |
| 8) | Design, let contracts, and undertake project improvements (streets, trees, lighting). | Property Owner/Neighborhood Associations/PDC/Appropriate City Bureaus and Departments |
| 9) | Identify property for redevelopment, determine re-use and market feasibility, obtain necessary approvals, undertake acquisition, relocation and disposition activities. | PDC/Neighborhood Associations/PCPC/City Council |

B.3. Strategy for those portions of Community Development Areas which are predominantly residential but are in a state of transition. Transition areas will be designated for "interim assistance" to repair critically defective housing components which, if left uncorrected, would endanger the health, safety and welfare of the occupants.

Programs to be utilized in "transition areas" are CML, Commercial/Residential Loan to correct critical conditions, and those City services normally available to the area.

a. Designate boundaries of "transition areas" where:

1) The area is in transition either:

	<u>FROM</u>	<u>TO</u>
a)	Single family, owner occupied	Single family, renter occupied
b)	Single family	Multi-family
c)	Single family	Non-residential
d)	Multi-family	Non-residential
e)	Mixed residential	Non-residential

2) Existing zoning will remain in effect during the interim assistance period.

3) The condition of individual structures are such that the critically defective components can be repaired to provide for continued occupancy.

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- 4) The extent and number of blighted structures needing removal are not so great as to rule out the possibility of future rehabilitation in the area.
- 5) The direction and rate of transition of the area can be managed through the preparation of plans, programs and implementation resources.

b. Implementation Process and Roles

Major Functions

Role Responsibilities

- | | |
|---|---|
| 1) Compile and analyze physical, socio-economic, and neighborhood conditions data: Identify transition area boundaries. | Bureau of Planning/PDC |
| 2) Review data and staff findings and recommendations: Determine transition area boundary. | Neighborhood Associations/
OPD |
| 3) Establish transition area boundary and authorize the undertaking of interim assistance programs. | City Council |
| 4) Qualify applicants for interim assistance; initiate and undertake repairs and certify compliance to contract requirements. | Homeowner/PDC/Bureau of
Buildings/Building
Contractor |
| 5) Continue detailed analysis of physical, social and economic factors; determine interests of property owners and area residents; adopt plans and programs; implement strategies designed to rehabilitate and/or redevelop the area. | OPD/Neighborhood
Associations/City Council |

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SUMMARY OF PROPOSED HCD FIRST YEAR PROGRAM BUDGET

<u>Project</u>	<u>Total HCD *</u>	<u>Rehab Loans</u>	<u>Total HCD + (Rehab Loans)</u>
1. N.E. - NDP	\$2,237,800	(\$1,200,000)	\$3,437,800
2. Eliot	409,500	-0-	409,500
3. Union Ave. Corridor	353,700	-0-	353,700
4. Corbett-Terwilliger	495,900	(180,000)	675,900
5. Northwest	553,100	(120,000)	673,100
6. Thurman - Vaughn Corridor	286,200	(30,000)	316,200
7. St. Johns	611,100	(180,000)	791,100
8. Southeast (incl. Buckman)	270,400	(120,000)	390,400
9. Downtown Waterfront Urban Renewal Project	1,697,600 **	(330,000)	2,027,600
10. Local Options	286,400	-0-	286,400
11. Critical Maintenance Loans	221,000	-0-	221,000
12. Housing Recycle Program	208,000	-0-	208,000
13. Emergency Housing Repair & Winterization	50,000	-0-	50,000
14. PIL Loan Reserve Fund	150,000	-0-	150,000
15. Pioneer Square (for BOR match)	500,000	-0-	500,000
City Processing/Management Cost (3%)	263,000	-0-	263,000
PDC Central Office - Operating Costs	71,300	-0-	71,300
Interest on Short Term Operating Loan	80,000	-0-	80,000
Federal Monitoring Charge	<u>15,000</u>	<u>-0-</u>	<u>15,000</u>
TOTALS	\$8,760,000	(\$2,160,000)	\$10,920,000

* Items 1 through 12 include contingencies

** To be repaid with Tax Increment Funds

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February 10, 1975
(Rev. April 28, 1975)

PROPOSED FIRST YEAR HCD PROGRAM
ACTIVITY SUMMARY

A. <u>RESIDENTIAL</u>		\$2,071,000
(Housing Rehabilitation)		(\$2,160,000) Loans
1. Single Family Dwelling Rehab - 650 Jobs		
205 Deferred Pmt. Loans @ \$4,000 ea. =	\$820,000	
305 PIL/312 Loans @ \$6,000 ea. =	(\$1,830,000)	
140 Critical Maint. Loans \$1,500 ea. =	210,000	
2. Emerg. Hsg. Repair & Winterization (CETA)	50,000	
**3. Multi-Family Rehab - Correcting Code Deficiencies (Chap. 13, etc.)	500,000	
132 Rooming Units Loans @ \$2,500 ea. =	(330,000)	
4. Housing Recycle Program	200,000	
** 5. Hsg. Dev. & Rehab Architectural Services	37,000	
6. PIL Loan Reserve Fund	150,000	
7. Sewer Backflow Preventers for Single Family Dwellings	104,000	
B. <u>COMMERCIAL/INDUSTRIAL</u>		332,000
1. Architectural Services	32,000	
** 2. Revolving Fund - Historic/Comm. Bldg. Rehab	300,000	
C. <u>PUBLIC PROPERTIES</u>		1,287,000
** 1. Parks, Plazas, etc.	312,000	
** 2. Waterfront Esplanade	470,000	
3. Pioneer Square	500,000	
4. Site Prep. - Eliot II	5,000	
D. <u>REAL ESTATE, RELOCATION & SITE CLEARANCE</u>		957,000
1. Landbanking for Housing & Clinic		
Real Estate Purchases	440,000	
Relocation Payments	40,000	
Site Clearance	45,000	
Disposition Costs	3,000	
	Sub-Total	528,000
*2. Real Estate Purchase of Open Space	200,000	
3. Public Improvements		
Real Estate Purchases	113,000	
Relocation Payments	25,000	
Site Clearance	8,000	
	Sub-Total	146,000
4. Other Disposition Costs	9,000	
5. Demolition Loan Fund - Clearance of Abandoned Structures	74,000	

*Requires policy and/or eligibility determination

**Potential partial reimbursement from tax increment

DRAFTFebruary 10, 1975
(Rev. April 28, 1975)

E.	<u>PROJECT IMPROVEMENTS</u>		\$1,349,000
** 1.	Street Reconstruction & Sidestripping	666,000	
2.	Traffic Signals	116,000	
3.	Water & Sewer (Eliot II)	100,000	
** 4.	Street Furniture & Malls	333,000	
5.	Street Trees	61,000	
6.	Lighting	66,000	
*7.	Engineering Study (Ross Island Bridge)	7,000	
F.	<u>CONTINGENCIES & LOCAL OPTIONS</u>		598,200
1.	Contingencies	380,000	
2.	Local Options (Housing Assistance for Handicapped - CART, Recycle Centers, Special Capital Impvts, Etc.)	218,200	
G.	<u>OPERATING COSTS & PERSONAL SERVICES (PDC)</u>		1,807,800
** 1.	Operating Costs	352,000	
** 2.	Personal Services	1,455,800	
H.	<u>OTHER COSTS</u>		358,000
1.	Processing & Management (City of Portland)	263,000	
2.	Interest on Short Term Operating Loans	80,000	
3.	Federal Monitoring Charge	15,000	
	TOTAL HCD FUNDS		\$8,760,000
	(Loans)		<u>(\$2,160,000)</u>
			\$10,920,000

*Requires policy and/or eligibility determination

**Potential partial reimbursement from tax increment

2/10/75
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D. Wilde
12/4/74

Ken O
HCD PAPERS.

HOUSING AND COMMUNITY DEVELOPMENT ACT 1974 - 3 YEAR STRATEGY

The three year strategy is a direct outgrowth of the Housing and Community Development Goals established by Portland to guide this program. ~~Both~~
The goals establish² the ~~two~~ priority of creating and maintaining a growing inventory of safe and sanitary housing and the maintenance and improvement of residential neighborhoods through the investment of funds into public facilities. In keeping with that goal, the three-year strategy defines five specific actions to be carried out through the Community Development Program.

1) Housing Assistance Program

Utilize Community Development funds to establish a housing revolving fund to be utilized specifically for the rehabilitation of existing housing units and in neighborhoods designated for concentrated neighborhood improvements. This fund would be established by utilizing the declining difference between the hold harmless amount and the fixed formula amount for Portland, at least during the next three years, to establish^a permanent revolving fund. Based on this concept, a dollar amount of approximately \$3 million would be available for year one; \$2.5 million for year two; and \$2 million for year three, for a three-year total of \$7.5 million. The intent of the City is to use this money to establish a permanent fund for delivering housing rehabilitation assistance. In order for this fund to be permanent, it is necessary that

all dispersals of funds be in the form of loans. Yet at the same time have the flexibility to deliver assistance in a way that addresses Portland's peculiar problems. These include loan programs for home owners such as Public Investor Lender's Program designed to replace the 312 Loan Program, using financing from local financing institutions. A Deferred Payment Loan Program under which improvements are financed under a no interest, deferred payment loan wherein the repayment takes place at the time of sale of the property or settlement of the estate, in which case an estate lien is exercised. A critical maintenance loan program and others. Also, the City is preparing new programs not previously covered under federal programs for aiding in home ownership and renter occupants. For home ownership the lease option program, oriented toward low income individuals, and _____ money for a housing authority non-profit housing corporation. For renters, new programs for rehab assistance to rental units including multi-family as well as single family units. These would be handled with the rent control ~~XXXXX~~ agreement to assure delivery of assistance to the user. In addition, this program will be used effectively to complement other housing assistance programs such as Section 8 of the Housing and Community Development Act, State Housing Bond Fund which may be forthcoming.

The second key element to the community development strategy is neighborhood revitalization. A "neighborhood" can be defined as a geographic area predominately residential in character containing services and facilities which cater to the needs of its residents. Neighborhoods generally have certain physical and social commonalities,

such as age, income and household size of residents, type and condition of housing and availability and quality of neighborhood services.

Neighborhoods undergo a continual process of change ~~and the~~ ^{This} process is more rapid-and catastrophic in terms of its impact upon residents-in some neighborhoods than in others. Indicators of neighborhood decline include loss of population, rapid change in income levels, decline in home ownership, adverse environmental influences due to traffic, noise and air pollution, and an imbalance between the provision of public services and tax revenues to pay for these services.

Neighborhood revitalization attempts to prevent the processes which lead to this loss of population,^{blight} and general deterioration of the livability of city neighborhoods. This can be done by the concentration of public expenditures-including Housing and Community Development funds as well as other existing funds and programs-in locations where the maximum impact would be realized.

This maximum impact is best realized in neighborhoods where conditions of blight are not/^{too far} advanced and can be "turned around" by an infusion of public improvements. The concept of neighborhood revitalization is to begin a program of concentrated neighborhood improvements in four to five residential neighborhoods around the city that have satisfied a number of pre-established criteria, including an established and functioning neighborhood organization, prior experience in planning and establishing

of priorities for program funding that neighborhoods which have not in the past had the opportunity of federal funding to carry out neighborhood improvements. The program then would incrementally add additional neighborhoods in each following action year with a ^{pre-planning} period of six to nine months prior to the application date in which the neighborhood would prepare its plan, and define priorities and projects for funding. The objectives to be achieved under neighborhood revitalization are as follows:

- 1) To initiate a neighborhood revitalization ~~program~~ program in neighborhoods which meet the basic criteria for selection.
- 2) To concentrate funds in high impact areas for maximum effectiveness.
- 3) To initiate improvements which are not currently funded through other sources.
- 4) To utilize funds where possible as a leverage to stimulate additional public and private investment.
- 5) To concentrate housing assistance efforts and capital improvements for maximum effect.
- 6) To expand the neighborhood revitalization program to additional neighborhoods to extend _____ feasible under reduced funding levels.
- 7) To limit Housing and Community Development funding involvement in neighborhoods to the shortest time possible in order to achieve product goals. (3 years maximum)

- 8) To concentrate efforts in neighborhoods where deterioration is evident, though not acute.
- 9) Work with established neighborhood organizations to develop plans, set priorities and monitor project execution. Of the some 52 established neighborhoods in the City, approximately 30 would qualify as below medium income level neighborhoods. Such a large number of potential project neighborhoods it is necessary to establish criteria ~~x~~ for determining neighborhood eligibility. It is assumed that Housing and Community Development funds are one of many funding sources for the implementation of neighborhood action programs and that HCD will be treated as a part of an overall program of neighborhood improvements throughout the City. Under this concept, a pre-planning period will be required to qualify neighborhoods as areas for concentrated neighborhood improvements. Setting priorities for pre-planning would take place in the following manner:
 - 1) Neighborhoods must be established and recognized by the City Council.
 - 2) Neighborhoods must petition the Planning Bureau for technical assistance in planning related matters.
 - 3) Neighborhoods must show willingness to undertake on a voluntary basis some of the efforts required in the preparation of the planning program. Such efforts might include interview surveys, Task Force Committees, Block Committees, etc.
 - 4) Areas which demonstrate evidence of declining neighborhood quality such as demonstrated by declining housing conditions,

Eliot

- JFAA funds for street lighting on Williams?

- light protest? going?

- ^{merit-vapor to single}
out crime area etc
??

- can they get into rehab

- need the good technical assistance - and local offices

- ONA will it replace PDC community services?

- discussed

- contracting ^{citizen} services back to PDC??

Denny

declining rent levels, deteriorating neighborhood physical condition, significant population shifts, increased poverty levels or other indicators of social and economic instability will be given priority.

- 5) Areas which are comprised of two or more neighborhood associations seeking mutual assistance will be given priority. ^a ONce the neighborhoods have been selected, ~~the~~ ^a pre-planning process would be initiated with the neighborhoods. This would be carried out over approximately a six month period with the neighborhood association and the Development Commission to prepare/preliminary ^a plan. The plan would develop goals and objectives, contain an assessment of needs, statement of problems, development of alternative solutions, a cost feasibility analysis of prioritization of projects and the preparation of a work program for funding.

and priorities

The emphasis will be on the identification of specific projects ~~raised~~ by neighborhood residents through recognized neighborhood associations. Recommendations will be submitted to City Council at public hearings for final approval. Housing rehabilitation and neighborhood revitalization will be concentrated in locations which are mutually beneficial and can achieve maximum impact. New housing and other special projects will be concentrated in locations also where maximum impact ~~will~~ can be realized.

In accordance with this, the guidelines for allocation of housing units under Section 8 of the Housing and Community Development Act are also

keyed to the selection of neighborhoods for concentrated improvements. The objectives for delivering Section 8 housing units are as follows:

- 1) To utilize Section 8 to the fullest extent possible towards meeting low income housing needs in the general Portland community.
- 2) Where feasible, to utilize Section 8 to achieve the community development goal of neighborhood revitalization, thereby increasing the impact of both resources.
- 3) Combine Section 8 with other resources (e.g. State bond funds) where possible, in order to meet the needs of those Oregonians in the lowest income bracket. Based on these objectives, and that have been strategies/developed for the dispersal of housing units under Section 8 as follows:

- 1) some 20 percent of the total allocation would be reserved for use in the unincorporated portions of Multnomah County. The utilization of these units should reflect the specific needs identified by the County and the Housing Authority of Portland.
- 2) the remaining 80 percent is divided approximately evenly between family and elderly and is allocated in the following manner (the several portions total 100% (of 80%):
 - A. new construction - 40% - 1/2 in tracts averaging below medium income levels and 1/2 in all other areas.

New housing construction has the advantage of adding to housing stock of the community and thereby provides the best long range solution to the low income housing needs. It also provides the best stimulus to a sagging economy.

50% low income

It may in fact be the only way in which needed housing can be provided in certain neighborhoods. Housing projects which support mixed income levels ^{with no more than} will receive priority consideration. ^{Such projects will require a detailed market feasibility analysis which demonstrates the capability of the site to support a mixed income population.}

- B. Substantial rehabilitation - 40% - to be expended entirely in low/medium income level tracts and the downtown. This section will be particularly advantageous in supplementing the community development funds used in various programs to preserve and rehab the residential housing stock. Because of the rehab emphasis and the use of State housing bond funds this will present an opportunity to combine these resources to meet low income housing needs while preserving sound structures and upgrading certain neighborhoods.
- C. The lease of existing housing - 20% - 1/4 in below median income tracts, 3/4 in all other areas. The use of existing housing has the advantage of permitting _____ scattered site housing, thus only 1/4 in below median income tracts for low income housing now prevail. It does not add to the availability of housing although there may be some upgrading through the requirements to meet Code. Primary difficulty encountered is the limited availability of decent, safe housing at the "fair market rents" permitted by HUD.

Implementation

The HUD area office will advertise for proposals for the utilization of a given number of Section 8 housing units.

Respondents fall into three categories: private developers applying directly to HUD; private developers working through a "public housing agency"; and, public housing agencies (e.g. HAP) functioning as owners/developers.

HUD has indicated that in all instances the City will have an opportunity (?) to evaluate the proposals in terms of its own housing assistance plan.

The housing assistance plan, prepared as a part of this application, will be used to specify types of housing to be delivered, income ranges ~~through~~ to be met and general, if not specific locations for housing projects.

The city will also administer a ~~site location and design review~~ procedure to which all projects must submit and be approved by prior to project approval.

Upon response of the City, HUD will award proposed ~~expenses~~ ^{projects} based upon its own ranking system (within the limits of the allocation released). The City, as a part of its own on-going housing coordination activities, will evaluate the effectiveness of funded housing proposals under Section 8 and utilize the evaluation for adjustments to the housing assistance plan in future years.

3) Special Projects

It is obvious that addressing the problems of the residential neighborhoods will not in itself adequately solve the manifold problems facing the City. In addition to residential areas there are commercial and industrial areas as well as the central City, all of which have their own special needs and problems. While it is clearly understood that the emphasis of the Housing and Community Development funds would be towards housing and neighborhood revitalization it is also recognized that a certain portion of those monies need to go to address problems in areas defined as special projects.

Special projects are long term commitments to physical improvements within a given geographic area. They are not necessarily tied to residential neighborhoods although they may be a concern specific to a neighborhood and, in fact, be entailed as a part of a request from a neighborhood for concentrated improvements. However, special projects usually require an intensive planning and implementation effort and usually require multi-agency involvement in both planning and funding of improvements in order to accomplish the stated objectives.

Criteria for Establishing Special Projects

1. There must be an established City commitment to carry out a program of project improvements within a given geographic area.
2. Specific and detailed planning relating to necessary improvements must be accomplished for the project.
3. The opportunity to match Housing and Community Development funds with other funding sources, i.e., categorical funds, local general fund commitments, etc., must be apparent.

Against these criteria special projects would be prioritized and funding levels determined to carry out specific program objectives. Citizen involvement requirements similar to those required for concentrated neighborhood improvement programs must be adhered to in special project areas as well. In special projects the primary objective will be to leverage other funds through the use of Housing and Community Development funds as a local match.

A.

4. One time only projects in non-impact neighborhoods.

Rationale is to establish a pot (?) of funds to carry out small scale projects of special interest or unusual circumstance ⁱⁿ Neighborhoods

not participating in a program of concentrated neighborhood improvement. These are to be one time only expenditures in the range of \$10,000 to \$40,000 each. The projects would provide needed public facilities or improvements to otherwise non-participating areas. In addition, this will give us the _____ appearing of taking advantage of unusual circumstances such as leveraging of categorical funds, foundation grants, time constraint situations that cannot be responded to in other ways. The type of projects to be carried out under this one time only program would be neighborhood facility type projects, park improvements or park expansion projects. Projects will be evaluated on the basis of criteria to determine eligibility funding. (Criteria are as follows: project would have to be borne out of the neighborhood request from an established neighborhood organization. The project would have to be justifiable in its own right, irregardless of funding sources. There would have to be a demonstration of funding needs not able to be met elsewhere. It could qualify only if it was a one time only requirement. It must be of benefit to the entire community or specifically designed to serve disadvantaged groups, i.e., handicapped, elderly, poor, ~~XXXXXX~~ racial or cultural minorities.)

Relationship of Housing and Community Development funds to Capital Improvements Program of the City

~~XXXXXXXXXX~~

The concept of neighborhood revitalization is a City-wide process that applies to all funding sources available./ Community Development funds as well as funds applied through the Capital Improvements process

7
will be utilized to carry out neighborhood revitalization programs. The following procedure will apply for Capital Improvements Programming in neighborhoods designated for concentrated improvement programs. City programs will capitalize upon the Community Development resources as a means of leveraging further improvements not feasible solely under the Capital Improvements Program. By simplifying procedures, handling administrative entanglements as a part of the normal process of administering neighborhood revitalization programs.

2. Utilize Community Development funds to subsidize local improvement districts and as a match for other State and Federal funds, specifically land and water funds and Willamette greenway funds.
3. Utilize Community Development funds to pick up cost over runs on capital improvement projects where it would be necessary to re-submit a project for citizen petition signatures such as an LID.
4. Utilize Community Development funds to accelerate funding of projects scheduled several years away under the normal Capital Improvements Programming process.

4 December 1974

HED PAPERS.

MEMORANDUM

TO: Gary Stout

FROM: Ernie Bonner

The City of Portland is at a crucial point in its history.

Its population is declining somewhat and becoming slightly older than the metropolitan population as a whole, as births and additions by annexation fall a little short of deaths and net out-migration. But, basically, the population remains relatively stable.

At the same time, median City incomes are falling behind metropolitan incomes in a trend which deserves attention.

The residential neighborhoods of the City remain essentially sound. The quality of housing and public improvements is basically good.

But there are some notable exceptions.

A few neighborhoods need major private investment from residents with limited income -- a contradiction that only major public subsidy can resolve. A much larger number of neighborhoods need more limited public investment, not only to assist in maintaining the stock of housing and public improvements which are sound, but to rehabilitate housing and develop public improve-

ments which are not. Though the housing stock is basically sound, almost 31,000 dwelling units in the City are in need of some kind of rehabilitation.

The City's economic base remains strong and diversified. Job opportunities in the City continue to grow. Portland's downtown and its major industrial areas continue to be strong and viable centers of activity and jobs.

But some suburbanization of industrial jobs is slowing the rate of job growth in the City, and suburban shopping centers are beginning to threaten the retail prominence of the downtown.

In short, the City of Portland is in unusually good shape relative to other central cities of this country. But this relative position will not be maintained without sincere and effective efforts starting now.

So what can the City of Portland do?

First, it should be clear what the City cannot do. The City cannot -- through public investment alone -- reverse any of the undesirable trends noted above. Private investment must be the major instrument of public policy. An example is instructive. If the City -- with the assistance of the state

and federal governments -- were to rehabilitate the 31,000 deteriorating dwelling units (at an average cost of \$5,000 each) with public funds, it would have to spend \$155,000,000.

Add to that the cost -- even in today's dollars -- of necessary public improvements and you have an impossible burden on public treasuries.

Further, the City cannot rebuild itself anew. The cost of replacing existing units with new units is 4 to 5 times the cost of saving what we feasibly can. This is a cost that can be borne by neither the City nor those who were displaced by such action.

From this must come a clear direction. The City must conserve and rehabilitate itself, and it can only accomplish this as a junior partner with private investors such as home owners, landlords, banks and other financial institutions.

In line with the above, the Office of Planning and Development proposes the following Housing and Community Development goals:

1. Maintain and improve the quality of residential neighborhoods in the City of Portland by:
 - a. creating and maintaining a growing inventory of safe and sanitary housing units at prices and rents which households of all incomes can afford -- with special attention paid to the preservation of housing where deterioration is evident though not acute;

(Because housing quality is a crucial determinant of neighborhood quality and because limited public resources can be spread further if the deterioration has not progressed too far.)

- b. investing in public services and public rights-of-way in the residential neighborhoods of the City -- particularly where such public improvements will occur in combination with private improvements;

(Because public services and public rights-of-way are important determinants of neighborhood quality and because substantial improvements to residential neighborhoods will require much more than the limited public resources that are available for public improvements.)

- c. awakening a sense of community pride among the residents of Portland's neighborhoods.

(Because a resident's attitude about his neighborhood is at least as important as the physical quality of his

neighborhood and because his attitude must be positive if he is to invest his own resources -- time or money -- in that neighborhood.)

2. Preserve and enhance the commercial and industrial areas of the City -- particularly where such efforts will expand economic opportunity for the lower-income residents of the City, promote private investment or prevent private dis-investment.

(Because the nonresidential areas of the City contain the jobs at which residents are employed and, in addition, provide a substantial part of the tax base from which a portion of the public resources must come to support investments in the residential neighborhoods.)

These goals are admittedly ambitious, if they are taken seriously. Compared to our resources, they are truly humbling.

What are those resources?

There are first the normal capital budget resources of the City. They have been, and will continue to be, used for public improve-

ments throughout the City. They have not traditionally been used for housing. Last year, the City of Portland budgeted \$27 million in capital improvements -- only 10% of which, however, was for general fund expenditures. The remainder were largely for water and sewer projects (\$20 million), PDC (\$.8 million), Model Cities (\$.5 million), and others. So the amount available for spending without restrictions as to type or location in the City was truly minimal.

Tax increment funds are possible, though they can only be counted upon in a limited number of specially-defined areas of the City. In those limited areas, however, funds are adequate. In the urban renewal areas 2 and 3, as much as \$65 million is estimated as available for project improvements, including housing.

The Housing and Community Development Act of 1974 offers to many the promise of new and substantial resources. But the level of resources available cannot be considered impressive. From a first year allocation of \$8.6 million, the funds drop to \$5.5 million over 4 years, while the rate of inflation reduces the effective buying power of those funds even more.

Furthermore, these limited funds do not come from the federal treasury without strings attached.

Congress clearly intended the Housing and Community Development program to be directed towards congressional objectives. To that end, several explicit objectives were established in the act itself. It is OPD's judgment that the goals prepared above are clearly consistent with federal HCD goals.

Congress also clearly intended the HCD program to be an addition to that program of expenditures already being undertaken by the City and it so stated that in the Act.

Finally, Congress clearly intended housing to be a major part of local plans developed for the use of HCD funds.

In addition to the federal requirement of consistency with national goals specified in the Act and the intent of Congress, there are some particular guidelines for local programs.

In summary, the resources available to seek our proposed housing and community development goals are limited in amount and constrained in their application by City, state or federal guidelines and statute. Clearly, a local program designed to accomplish our goals must be likewise limited in scope and carefully tuned to be consistent with those constraints.

The program proposed below meets that test in our judgment.

HCD RECAP OF HOUSING ACTIVITIES
November 28, 1975
37th Week = 56.9% Contract Time Frame

Total applications received for financial assistance by area:

Projected 30% Fall Down

	Area	Applications Received		Assigned Staff Capacity		Applications Required as of		Applications Required for 720 Loan Units
		10/31	11/28	10/31	11/28	10/31	11/28	
North Portland	01	76	85			54	61	79
Northeast	02	308	331			292	330	429
Northwest	03	26	33			54	61	79
Southeast	04	32	41			43	49	64
Southwest	05	18	22			54	61	79
Area at Large	50	226	234			204	231	100 FED. 200 CITY
		<u>686</u>	<u>746</u>	<u>595</u>	<u>687</u>	<u>755</u>	<u>793</u>	<u>1,030</u>

CURRENT WORKLOAD. Applications in Finance for prequalification, but not assigned to Rehab for technical processing:

Assigned Staff Production Capacity 103

	Area	Applications Received	
		10/31/75	11/28/75
North Portland	01	20	21
Northeast	02	83	71
Northwest	03	11	18
Southeast	04	19	18
Southwest	05	10	8
Area at Large	50	<u>28</u>	<u>20</u>
		<u>171</u>	<u>156 = 151.8%</u>

Applications in Rehab for technical processing and funding:

Assigned Staff Production Capacity 83

	Area	Applications Processing	
		10/31/75	11/28/75
North Portland	01	27	31
Northeast	02	75	94
Northwest	03	7	10
Southeast	04	6	7
Southwest	05	1	9
Area at Large	50	<u>22</u>	<u>17</u>
		<u>138</u>	<u>168 = 202.4%</u>

Jobs underway:

Assigned Staff Production Capacity 69

	Area	Applications Underway	
		10/31/75	11/28/75
		North Portland 01	4
Northeast 02	73	85	
Northwest 03	1	1	
Southeast 04	1	2	
Southwest 05	1	0	
Area at Large 50	14	9	
	94	109 = 158%	

Ending 33rd Week of 65 Week Schedule
October 31, 1975

Jobs completed 3/21/75 through 10/31/75:

	Area	312		312		DPL		312		City		Fed.	
		312	PIL	DPL	DPL	PIL	115	115	HAP	CML	CML		
North Portland 01													
Northeast 02		64(26)	20(8)			3		5(5)	16(16)	27(27)			
Northwest 03													
Southeast 04													
Southwest 05													
Area at Large 50											70(70)	43	

The above completions in brackets include (152) units funded with NDP and City funds.

TOTALS:	<u>Actual</u>	<u>Staff Capacity</u>	<u>Contract Requirement</u>
	248*	213**	330

LPA assisted with other funding sources: 43

* The excess of actual completions to staff capacity is due primarily to the large number of CML applications which process in a substantially shorter production time than scheduled norm.

** Production potential based on current loan ratio of 49% - 312 loans, 4% - 312/PIL combinations, 16% - DPL and 31% - CML.

Ending 37th Week of 65 Week Schedule
November 28, 1975

Jobs completed 3/21/75 through 11/28/75:

	Area	312		312		DPL		312		City		Fed.	
		312	PIL	DPL	DPL	PIL	115	115	HAP	CML	CML		
North Portland 01													
Northeast 02		71(27)	21(8)			5		5(5)	16(16)	27(27)			
Northwest 03													
Southeast 04													
Southwest 05													
Area at Large 50											70(70)	52	

TOTALS:	<u>Actual</u> 267*	<u>Staff Capacity</u> 245**	<u>Contract Requirement</u> 363
Supplemental Rehabilitation Activities:			
PDC assisted rehabs with other funding sources:		44	
PDC assisted, Human Resources rehab jobs:		47	

HOUSING BUDGET STATUS

10/31/75

	<u>Budget</u>		<u>Obligated</u>		<u>% Obligated</u>
	<u>Dollars</u>	<u>Units</u>	<u>Dollars</u>	<u>Units</u>	
DPL	820,000	205	66,410	19	8%
Fed. CML	210,000	140	66,554	50	31.7%
City CML	88,145	70	88,145	70	100%
312/PIL	<u>1,830,000</u>	<u>305</u>	<u>934,650</u>	<u>135</u>	<u>63%</u>
	\$2,948,145		\$1,381,609		46.9% single family only
MRL	450,000		6,300	1	1 1/4%
Housing	<u>200,000</u>		<u>17,300</u>	<u>2</u>	<u>8.7%</u>
Recycle	\$3,148,145		\$1,405,209		38 1/2% total obligated vs. 50.7% time

11/28/75

	<u>Obligated</u>		<u>% Obligated</u>
	<u>Dollars</u>	<u>Units</u>	
DPL	79,586	23	9.7%
Fed. CML	85,022	64	40.5%
City CML	88,145	70	100.0%
312 BMIR	<u>1,078,900</u>	<u>151</u>	<u>71.9%</u>
PIL	<u>237,450</u>	<u>32</u>	
Subtotal	\$1,569,103	340	
MRL	79,700	8	17.7%
Housing	<u>17,300</u>	<u>3</u>	<u>8.7%</u>
Recycle	\$1,666,103	351	52.9% total obligated vs. 56.9% time

Amount obligated 11/1/75 through 11/28/75 \$260,894

Number of loan units 45

Average number loans per week 11.25

Average dollar amount loaned per week \$ 66,348

HCD RECAP OF HOUSING ACTIVITIES, October 31, 1975

Contracted rehabilitation workload - single family housing:

	<u>Area</u>		
North Portland	01	55	
Northeast	02	300	
Northwest	03	55	
Southeast	04	45	
Southwest	05	55	
Area at Large	50	140	Fed.
		<u>70</u>	City
		720	

DSS:ves