



March 25, 2025 Homelessness and Housing Committee Agenda

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

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Tuesday, March 25, 2025 12:00 pm

Session Status: Adjourned

Committee in Attendance:

Councilor Angelita Morillo

Councilor Eric Zimmerman

Councilor Jamie Dunphy, Vice Chair

Councilor Candace Avalos, Chair

Councilor Avalos presided.

Officers in attendance: Diego Barriga, Acting Council Clerk

Committee adjourned at 2:06 p.m.

Regular Agenda

- 1
[Update on the Homelessness Response System Steering and Oversight Committee](#) (Presentation)
Document number: 2025-100
Introduced by: Councilor Candace Avalos; Councilor Eric Zimmerman
Time requested: 10 minutes
Council action: Placed on File

2

[Require the City Administrator to study alternative housing financing and ownership models and deliver a report of findings to Council](#) (Resolution)

Resolution number: 37703

Document number: 2025-101

Introduced by: Councilor Mitch Green; Councilor Candace Avalos; Council Vice President Tiffany Koyama Lane; Councilor Sameer Kanal

City department: Housing Bureau

Time requested: 45 minutes

Council action: Referred to City Council

Motion to send Resolution, Document Number 2025-101 to the full Council for consideration: Moved by Dunphy and seconded by Zimmerman. (Aye (4): Morillo, Zimmerman, Dunphy, Avalos; Absent (1) Ryan)

3

[Amend Affordable Housing Code to add prohibition of anti-competitive rental practices including the sale and use of algorithmic devices \(add Code Section 30.01.088\)](#) (Ordinance)

Document number: 2025-045

Introduced by: Councilor Angelita Morillo; Council Vice President Tiffany Koyama Lane; Councilor Mitch Green

Time requested: 1 hour

Previous agenda item.

Council action: Referred to City Council as amended

Motion to adopt the amendments to the ordinance, Document Number 2025-045: Moved by Dunphy and seconded by Avalos. (Aye (3): Morillo, Dunphy, Avalos; Nay (1): Zimmerman; Absent (1): Ryan)

Motion to send the Ordinance, Document Number 2025-045 as amended to the full Council for consideration: Moved by Morillo and seconded by Dunphy. (Aye (3): Morillo, Dunphy, Avalos; Nay (1): Zimmerman; Absent (1): Ryan)

Portland City Council, Homelessness and Housing Committee

March 25, 2025 - 12:00 p.m.

Speaker List

Name	Title	Document Number
Candace Avalos	Councilor, Committee Chair	
Diego Barriga	Acting Council Clerk	
Angelita Morillo	Councilor	
Eric Zimmerman	Councilor	
Jamie Dunphy	Councilor, Vice Committee Chair	
Claire Adamsick	Council Policy Analyst	
Mitch Green	Councilor	2025-101
Helmi Hisserich	Director, Portland Housing Bureau	2025-101
Karen Chirre	(Testimony)	2025-101
Molly Hogan	(Testimony)	2025-101
Donna Cohen	(Testimony)	2025-101
Sahaan McKelvey	(Testimony)	2025-101
Will Hollingsworth	(Testimony)	2025-101
Lauren Armony	(Testimony)	2025-101
Angelo Pis-Dudot	Legal Fellow, Local Progress	2025-045
Seema Gadh Kumar	Chief of Community Technology, Bureau of Planning and	2025-045
Suzy Duester	Policy Advisor, Councilor Morillo	2025-045
Tony Garcia	City Attorney	2025-045
Will Mespelt	Council Aide, District 2	2025-045

Portland City Council Committee Meeting Closed Caption File

March 25, 2025 – 12:00 p.m.

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Speaker: Afternoon. I am calling the meeting of the homelessness and housing committee to order at 12:00 pm 12:01 p.m. On Tuesday, March 25th. Diego, can you please call the roll?

Speaker: Good afternoon Ryan. Maria here. Zimmerman here. Dunphy here.

Speaker: Avalos here. And for the record, councilor Ryan is out this week for spring break. All right. Claire, can you please read the statement of conduct for council committee meetings?

Speaker: Welcome to the meeting of the homelessness and housing committee to testify before this committee in person or virtually. You must sign up in advance on the committee agenda at [Portland.gov/council agenda](https://portland.gov/council-agenda), slash homelessness and housing committee. Or by calling 311. Registration for virtual testimony closes one hour prior to the meeting. In person. Testifiers must sign up before the agenda item is heard. If public testimony will be taken on an item, individuals may testify for three minutes unless the chair states otherwise, your microphone will be muted when your time is over. The chair preserves order disruptive conduct such as shouting, refusing to conclude your testimony when your time is up, or interrupting others testimony or committee deliberations will not be allowed. If you cause a disruption, a warning will be given. Further disruption will result in ejection from the meeting. Anyone who fails to leave once ejected is subject to arrest for

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

Speaker: Thank you claire. We have a tight agenda, as we always do, but today we're going to start with a report from councilor zimmerman about the soc. Then we've got a social housing resolution brought forward by councilor green and myself, and then we have a return of councilor murillo's ordinance on eye rental price fixing. I'll try to state an estimated time frame ahead of each item so we can all keep track. So this first item goes until 1215. Diego, can you please read the first item?

Speaker: Item one update on the homelessness response system steering and oversight committee.

Speaker: Great. So again, this is our monthly report from councilor zimmerman, who is our representative on the soc, to report out what the discussion was and how what they discuss is relevant to City Council and our committee in particular. So with that, councilor zimmerman.

Speaker: It's a very formal way to talk to my colleagues. So it would be very quick. Obviously the soc meets every six weeks. So we're a little bit off on our timing. But when you and I were in d.c, I attended that meeting virtually a significant portion of that work with the soc was around their data project update, and we talked about that when we were in joint session with them in terms of the direction that they're moving with capture of their data. You know, we saw in that presentation some areas, some demographics in our community who who's numbers are lagging comparatively to others. And so they were updating us on both some findings, but

also the direction they're going to make data more relevant to the different needs of different of different people. And we've had that discussion around this table before. So that that was a majority of the conversation. There are a few updates. There was a significant part of the conversation regarding the community advisory committee, and I there was a nominee for that, that the mayor and I both asked a few questions about, not regarding the nominee themselves. They seemed like a very qualified person, but the county already has a number of people who work in organizations, nonprofits who provide services. And this was another nominee from that, that group of folks in terms of I think it was about half of the people on the group are are part of the provider network in terms of they are recipients of joint office money. And so I raised a question about that in terms of whether or not we were meeting the right type of mix and the equity in terms of how that body is laid out. And so the county took that and the mayor's comments and some questions about that. And we're working through like, what does the future of the advisory committee look like in terms of those who are receiving funds from the joint office, advising the joint office and how that work flows? And that I don't think anybody was saying that you can't, but there should be some sort of a balance, and it seemed like it was getting further out of balance. I will, I know I have until 1215. I will be pained if we go that long on this update. It was a fairly minor thing and i'll leave it there.

Speaker: And reminder to the rest of the committee. This is also an opportunity to ask questions of councilor zimmerman, of which I have one. What, if any, discussion has been had around the county and their budget gap. And their budget gap is specific to homeless services. So was there discussion about that or what's your read on where that's headed?

Speaker: Yeah. So obviously there's been a number of publications have talked about their similar budget issues as a lot of governments are facing. We did not dive deeply into that topic. I think that the county has a similar timeline as we do when it comes to their budget preparation. They have indicated that some of the shelters are certainly at risk. Some of the workforce services are at risk, given the hole that they've identified in the joint office. But we did not. The soc was not it was not part of the main agenda with respect to that. So frankly, it felt a little bit like the elephant in the room that didn't get talked about. With respect to that, I want to I want to respect the fact that that was fairly recent information, given just how many days it's been since that meeting. It was fairly recent information, and they were working through their own budget recommendations that the chair will release. You'll see today in the paper that the head of the homelessness department at the county, who we work with closely has announced retirement as well. That was not something that was discussed. So that was news to us as well. So I think they're just going through. A they've got a lot of projects on their plate. They've got a sizable budget hole because they use some one time only funding to get some things off the ground in the years previous. And now they've got to rectify for what are the core primary services of the what used to be the joint office. So more to come, I'm sure.

Speaker: Thank you. Councilor any other questions for counselor zimmerman? Go ahead.

Speaker: Counselor, was today's.

Speaker: Announcement about director fields pending retirement known at privately before this or was that news to you as well?

Speaker: It was news to me if it came in. I'm not the greatest at reading all emails. If it came in, I missed it, but it was news to me. Okay.

Speaker: You said.

Speaker: It, I said it.

Speaker: Any other comments or questions? Thank you so much for your continued updates. Okay, let's go ahead and move on to our next item. Diego, can you please read it?

Speaker: Item two require the city administrator to study alternative housing financing and ownership models and deliver a report of findings to council.

Speaker: Thank you diego. So and this item we have until 1:00 pm. I am pleased to introduce this next item that I'm co-sponsoring with councilor green, who's in the audience. And you'll hear from in a moment. The purpose of this resolution is to study how we can bring social housing to Portland publicly owned, permanently affordable, affordable homes that keep rent fair and prioritize people over profit. This is a model that works great in places like vienna and singapore and even parts of the united states. My co-sponsor, councilor green, and I are pushing for this study because we believe it's time for Portland to seriously explore how social housing can become part of our solution to the housing crisis. So to further describe the details of social housing in this resolution, I'd like to invite councilor green up to the table to offer some remarks. And then director historic will be joining as well to provide a short presentation about the resolution. So, councilor green, welcome to the homelessness and housing committee. You can come on to director.

Speaker: Thank you.

Speaker: I'm not usually on this side of the table. Councilor mitch green, for the record. Thank you. Chair avalos, vice chair dunphy and members of the committee for the opportunity to sit across from you as as the co-sponsor of this resolution, I think it's no surprise that I'm very excited about social housing. And so, naturally,

I'm bringing forward this resolution with with councilor avalos. I appreciate your leadership on this to get this process going. I'm also an institutionalist, and I believe that big policy moves that may depart from established practices or settle settled habits of thought, should be grounded in careful consideration of its impacts or interactions with our already existing norms, rules, policies and practices. We are fortunate to have a housing bureau with specific expertise and interest in this issue, with the resources to show us how we can be. We can best implement social housing in Portland. I also want to acknowledge that Portlanders are weary of the study plan study plan cycle that generates reports that may sit on a shelf and never be used, and that too many Portlanders are suffering from a housing crisis that burdens their household budgets or worse, leaves them out in the cold. But make no mistake, it is my intention that this City Council will will be remembered as the body that looked at the dire state of housing affordability and said, enough, no more. We're bringing every tool we have to the problem to address affordability, its root causes. I believe that for social housing in this city, to stand the test of time and to deliver for Portlanders, we owe it to ourselves to get it right. And this resolution gives director hissrich the direction to show, to show. Let's see the direction she needs to show us the way, so that when we bring forward an ordinance that establishes the program in Portland, we know that we've looked at it thoroughly and can pass a policy that is robust. The resolution will set us up to provide a pathway to housing production at a time when traditional models are oversubscribed, and we have a city crying out for bold action colleagues. Social housing is a good idea whose time has come. I ask for your support in passing this out of committee so we can hear it before the full council, and I'm happy to answer any questions you may have of me.

Speaker: Thank you so much, councilor green and director hissrich. Do you want to take it away for a presentation? And councilor green will have questions. But after this. Great. Thanks.

Speaker: Good morning, chair avalos, vice chair dunphy and members of the committee. For the record, my name is shelby hissrich. I'm the director of the Portland housing bureau, and I want to thank you for the opportunity to speak to you today and thank councilor green for his work on this, on this initiative, this presentation that I'm going to provide you is meant to provide context for the proposed ordinance on studying alternative housing models in Portland. Next slide. So we're laying a groundwork for a study. Yeah. Got it. Okay. Great. We're laying the groundwork for a study that will help us understand alternative housing models. The aim of our study is to explore approaches beyond the traditional market tools and the existing low income housing tax credits, and respond more creatively and equitably to the housing crisis. Next slide. So I'd like to start with providing some background. Let's go on. As you are well aware, our city is facing a housing affordability crisis. Portland's housing emergency was declared in 2015 and continues today. As stated in the text of the original ordinance, over 20,000 additional affordable housing units are needed to meet the existing demand in Portland, more than half of renter households in Portland are rent burdened, meaning they pay more than 30% of their income on housing. With bipoc communities facing the greatest economic burden in housing costs as a percentage of income. The map that you see on this slide is from the 2023 state of housing report, and it shows how stark the affordability gap is across our neighborhoods. With low income residents in Portland unable to afford to live in many of Portland's neighborhoods, the rapid escalation in housing costs in Portland is driven by a combination of many different factors, but the lack of sufficient affordable housing

is a major problem that we need to address, and the reason we are exploring alternatives to the current system. Next slide. So what is social housing? I get asked this all the time. Social housing is a term that is being used regularly in many parts of the united states, as well as internationally. And to put it simply, it's housing that is non-market and permanently affordable. Social housing is owned by the community or the public. It can be owned by mission driven nonprofit agencies, it can be owned by a public agency, and it can be collectively owned by a land trust or by a housing cooperative. There's many forms of social housing. In fact, ownership is even an option within social housing. Individual home ownership. It is designed to increase stability for tenants and for owners, and often it is described or developed as mixed income communities where people of all incomes live together. It can be developed without low income housing tax credits, and it's meant to complement, not replace, our existing housing systems. In the us, social housing is not well understood. And so one of the important parts of this study will be to create a learning process for the community and create a common understanding of the term social housing. Let's go to the next slide. As part of this study, we will look at different models of social housing. We, the housing bureau, the Portland housing bureau has already begun to look at models across the globe. And here in the united states, from established international models such as those found in austria, denmark, singapore, canada and mexico, as well as emerging domestic models such as social housing found in atlanta, georgia, montgomery county, maryland. Seattle, Washington. Portland, maine, and many other states. We want to examine how these types of housing programs are being structured, because they're not all being structured the same way, and to adapt ideas that make the most sense for Portland. Let's go to the next slide. So a little bit about the jurisdictions in the united states that are starting to implement housing models

along the social housing framework, there are different approaches being taken. For example, in Seattle, Washington, they recently created a brand new quasi governmental housing authority dedicated with a dedicated source of revenue to create publicly owned social housing. The new agency is charged with developing mixed income housing without tax credits that is permanently affordable. In contrast, montgomery county, maryland, has a federally established housing authority that created a revolving loan fund, which they use for low cost capital for the development of mixed income housing, where 30% of the units are permanently affordable and the rest are market rate. Our city is unique and will have its own important considerations, but understanding the financing and the institutional framework adopted by other jurisdictions is an essential first step in developing a Portland specific approach. Next slide social housing has a very long history in countries outside of the united states. President sheinbaum in mexico has proposed a million units focused on sustainability and inclusion. Vancouver, british columbia is using a city led developer and public land leasing. But the three three of the most recognized models of social housing internationally are copenhagen, vienna and singapore. All of these cities rank very high on livability indices, and each of these cities offers a different social housing model to a majority of their residents. Our policy research researcher, raul preciado mendez, who's here with me today, just notified me that a few hours ago, the united kingdom passed a 2 billion pound social housing measure. More to learn there. On a personal side, I just want to share that before coming to work in the city of Portland, I took a deep dive into the vienna social housing model. I had been working for over 15 years in the local government doing affordable housing, and I saw that despite our constant hard efforts to produce housing, we were not making progress on affordability. Homelessness was growing in greater, greater rent.

Burdens were affecting people. And I had realized that I had become an expert in a system that wasn't really working. So I began to study systems around the world, and I looked specifically for cities that had ended homelessness and that had extraordinarily strong results in their housing sector. This is what brought me to Vienna, Austria, where I spent about two years learning the Vienna social housing model. Next slide. So people often ask why I focus on Vienna. And it's a pretty simple reason. In 1918, Vienna had a significant unhoused population of about 30,000 people. The reasons relate to World War One and the extreme poverty, poverty that was occurring at that time. But it was considered at the turn of the century to be the worst place to live in Europe with rampant disease, eviction and poverty. With a large number of people living unhoused. Today, Vienna, Austria is ranked the number one most livable city in the world consistently for the last 15 years, and it has a remarkably stable housing system. It is now considered the most affordable, affordable major city in Europe. Next slide. This slide provides just a very quick comparison of a few key facts about Portland and Vienna, Austria. Portland, Oregon. And Vienna. Vienna, Austria. First, the two cities are almost exactly the same size. Physically, however, Vienna's population is three times larger than Portland. They share Portland's strong orientation towards maintaining parks and open space. So they live in a lot higher density neighborhoods than we do. A few of their notable. But so how can a dense city such as Vienna rank so high in livability? Is one of the questions I've asked myself many times. Vienna is simply very pro housing. They understand how much housing is needed. They forecast very effectively how much housing is needed. And they take a very strong goal in delivering that housing. Specifically, they have more housing per capita than we do. They have one housing unit for every two people versus Portland, which has approximately one housing

unit for every three people. A significantly higher percentage of their housing is affordable, but their definition of affordable housing is different than ours. It's far more expansive. 80% of residents in Vienna are eligible to be in social housing, so it really is a low and moderate housing strategy. They offer more housing choices than we do with, which has led to significantly lower rates of housing insecurity and rent burden. Whereas 50% of renters in Portland are rent burdened, only 16% of Viennese residents are rent burdened. They have a much lower cost of housing. And finally, their unhoused population is about 2200 people, compared to Portland, which has over 6000. In Vienna, their population there are homeless population is functional zero because they are able to rapidly shelter and house, permanently house, provide housing to their unhoused population. Next slide. This is. This chart here provides an understanding, a brief understanding of how the difference between the housing markets. What you can see here is that in Portland, Oregon, 8% of our housing is set aside as affordable housing and 92% of our housing is left to the market rate. So we're looking for the market to solve the housing crisis. Unlike that, unlike Portland, Vienna has both substantially more housing. But they have a they have three housing sectors. So we don't have one of the we they have one more housing sector than we have. First of all, they have a very robust and active private market that is always developing. Secondly, they have a very large historical municipal housing sector. I would posit that our low income affordable housing system with tax credits is more similar in design to their municipal housing than it is to their limited profit sector. I can go into that in more detail in a future time, but they have a third housing sector that they call limited profit housing and the limited profit housing essentially is cost based rents. It's rents are, are set at the cost of construction with tremendous focus on cost containment. And then they are taken out of the market and held permanently at

that price. So something built 20 years ago has rents that are essentially affordable rents today. And so they're constantly pushing out new housing that doesn't require a huge subsidies that comes online just below middle income or at a middle income rate with some affordability in it. But it then over time, becomes deeply affordable. So they have a constant supply of new housing that doesn't require huge subsidies the way our system does. Next, go to the next slide, please. So our study will explore both international and domestic best practices. It will study alternative ownership models like cooperatives, municipal ownership and approaches, as well as approaches to resident governance, which is a really important part of the social housing model. We'll examine alternative financing approaches, sustainable public funding sources and the role of land banking, which actually is a very important part of the vienna model. Next slide. Oh, i'll keep going. So in addition to the international models, international best practices and emerging domestic models, we will I think I already said all of this. So let me just keep going to the next slide. Yep. There we go. Thank you. We will study both the non-market model which is the limited profit model as well as a mixed income model. And what's not shown here is the municipal model. So we'll be studying all of those models. And we will look at sustainable public funding sources. The role of land banking. Let's keep going. Finally, we will align this study with the adopted studies that have that the city has already passed, specifically the housing production strategy, as well as our ability to leverage existing funding sources both federal, state and local, including metro funding sources, and build capacity for long term solutions to the affordable housing crisis. Next slide. The study will take place over a period of 12 months. We will prepare a. We are in the process currently of preparing what the study timeline will look like and with regular check ins at different points in time over the course of the year to describe where we are with

different aspects of the study. Our key deliverables for this study will be policy recommendations, a feasibility assessment, funding tool, assessment, and very possibly some pilot projects that we are looking at conceptually moving forward. Let's keep going. So if there's any questions thank you very much.

Speaker: Thank you both so much. We do have one question in the q councilor morillo.

Speaker: Thank you so much, madam chair. First of all, I just want to say I'm so excited that we are having this discussion today. This is so refreshing. I think that we've been talking about housing models that have not worked for a long time. The for profit housing models are just simply not addressing the urgent need on our streets. And so I'm really excited that we're taking an innovative and new approach to this and that we're going to study and look into all of those things. It's actually funny because I think the resolution or the ordinance I'm bringing forward next is actually addressing the free market and some of the injustices that happen within the free market. And even that isn't amenable to many people who are more concerned of profit rather than fairness. But this is a really great start to looking at a different approach to housing. And I think something that we hear as councilors a lot is that if we have any restrictions or any rules against how things are built, how things are created, that we will not get developers or people to actually build and create housing. So I'm very curious. It sounds like vienna has figured this out and they've they've had limited profit housing. How were they able to encourage development to come in and build housing and do all of that with some of those more limiting restrictions? What are they doing that we're not doing?

Speaker: Well, vienna has two characteristics that I think are very important that we should understand. The first is the land banking, the role of land banking. So the city is one of the most active buyers and holders of land in vienna, and they make

that land available for development, both to private market as well as limited profit and public housing. So they're very pro all housing. And when they release the land, they have what they call the four pillars model of evaluation. So they evaluate based on financial sustainability, environmental sustainability, design and affordability. So they have this really wonderful way of evaluating and that production of the land or the land component takes a lot of risk out of the system. And they are enables them to build faster and more. So they're very, very conscientious about the land. The other thing they have is they have a 1% income tax federally that's allocated to the states. Vienna is a city and a state, and they use those funds specifically for housing production. So they we could do a side by side comparison of our funding resources. They don't actually put a lot more money into housing. They do it much more strategically, I think, than we do. And so that but that permanent, predictable funding source, together with their land banking strategy, has enabled them to be very pro-development and to link together their transportation, their open space and their housing goals together and their sustainability goals.

Speaker: Thank you so much. I love, love hearing all of this, and I can't wait to learn more about this in the months to come.

Speaker: Councilor dunphy.

Speaker: Thank you, madam chair. I will just ask, I guess, I suppose, in the scope of this study that we're going to be doing, will you be looking at specifically the impediments that the city has with regard to construction? I know that sometimes when we build things, when we build things, they're the most expensive, and we have a lot of internal processes that sometimes the private market doesn't. So is that going to be included as part of the scope of what we're talking about in order

to how to, you know, maybe recommendations on things that the city could do differently in order to make these projects pencil for us.

Speaker: So you may know, there's a there is a task force looking at market rate production. And that will be concurrent with this simultaneous. So I'm sure those there will be some overlap in the analysis of cost. One of the critiques I hear often is that affordable housing is the most expensive housing to build a big function. The reason for that is because the system is designed to actually not focus on cost containment. It's focused on other things. One of the very interesting parts, particularly of the vienna model, is it's focused on cost containment and its ability to drive housing production prices much lower. So we will be teasing out some of the differences between our local production strategy and other strategies that achieve better results. On the cost containment side.

Speaker: I think.

Speaker: That's that's going to be a hugely important thing. I mean, I think in everything that the city government does going forward, we should be thinking about cost containment. But I think that especially right now, if there are impediments in a way that we operate our systems both internal and external. I mean, I understand that it is it is often a pain for any developer to try and interface and get permits from the city. But also, I know that internally we have our own challenges. And so I would be very open to making sure that if there are bigger recommendations on how to make this successful, that we unearth those early. So thank you.

Speaker: Thank you, if I may also if.

Speaker: You'll allow me so to respond to councilor murillo's first question, you know and you've got to this director historic is you know, other places can do this because the public sector steps forward and says we will bear a certain amount of

risk to have a very efficient and forward looking approach. And that only helps the private market market also do its development as well. Because to do that, well, you've got to say, when we do provide subsidy, we do it in a rationalized way. We don't. We're not scattershot public dollars all around, hoping, hoping for best outcomes. And with one of the models that I that I think we'll see through this report is the use of the revolving loan fund, which if you talk to a private developer, they love that too, because it allows you to lower the cost of the capital stack by taking what would normally be a 20% expected internal rate of return for the private equity market out of that stack, and replace it with a county does 5% with their revolving loan fund. And so you can step in. You can lower the average cost of the building, which means lower rents. The municipality that made the loan receives the funds back once the project has been completed and leased up, and then the cycle revolves and goes forward. And so if you're if you're able to do that well for social housing, you're going to be able to develop well across the range of the different sectors in this city. At least that's my contention.

Speaker: Councilor zimmermann.

Speaker: Thanks. You know, councilor green, I think you and I have talked enough to know that despite any buckets the world has put us in, I think we agreed generally on this topic. So appreciate you bringing this forward. Anything to address the mess that is the current system is, I think, a good step in the right direction. So I'm trying to understand a little bit about the difference from the world we live in today, where Portland or Multnomah County or 20 other governments will all put in a little bit of money to help an organization, let's say central city concern, to build a building that is going to be the most affordable units, to then run that building, to then have it, have it serve a certain population. I'm trying to understand, just like what will be the difference that we're looking at in a vienna model or in any model?

What are we carving out to be slightly different in this case. And I and I am saying that with respect to the challenges that those nonprofits have been identifying over the last few years, and also the large capital expenditures that are happening now to refurb places like the joyce or the meridian or things of that nature. I'm trying to understand our system today versus where this might take us.

Speaker: It's a very complex question. I'll try to provide some some response, although I think hopefully the study will actually really provide the response. You're looking for. The current system that we have for affordable housing in the united states primarily leverages low income housing tax credits. And it's a it's a, you know, it's a layer cake of financing multiple sources that actually contributes to the high cost of it, because you have to go to so many sources of just so many competitions for funding, that it could take a very long time to get your money put together. So it's a very irrational system. The systems that are in vienna, just using that as an example, the municipal system is a high subsidy system. Let me let me back up on the tax credit system. The good thing about the tax credit system is that delivers a housing type that's deeply affordable. For the most part, that has a long history of success in the united states. There's actually very high quality housing coming out of that system, and I would not want to disrupt that system. I think we need to let that system go, because that system provides a big subsidy and provides deep affordability. And we can if we we're putting almost too much pressure on that system, if we had less pressure and we could focus on even deeper affordability, that would be a really good goal is let's focus our tax credits on providing deepest affordability. The system in vienna that is less, that is different is there's sort of and actually in the montgomery county, maryland model, these are all predicated on more of a mixed income model that that are open to a large majority of people, rather than saying, we're only going to have the public intervene in the very

deepest, you know, low income housing, they have a model that says, no, we need to provide stable priced housing for a large number of people. So what they'll do is they'll put housing, mixed income housing system in place, but then take it out of the market so it doesn't continually price basically what we it's the one way to think about it might be to take housing and make it permanently rent controlled. So you're not permanently rent controlling the private market housing, but you're permanently rent controlling the social housing. And so over time, that creates a whole system of relatively moderately priced and housing, because you're not escalating rents every time there's a vacancy, you're just keeping those rents stable over time. And it actually adds to a supply of both low and moderate income housing over time. It's a time based abundance of moderately priced housing.

Speaker: In these models, right? If you if you buy into a condominium project in the pearl today, right, that building generally will have a reserve study that kind of tells you, you know, in year five you should paint this on year ten, you should be replacing these types of pipes. And year 20, that's when you do the envelope. And it's a way of managing costs. And while the world complains a lot about hoas, that's a significant portion of what an hoa model goes toward. And it's a way of also avoiding millions of dollars, you know, immediate type of repairs along the way. If we engage in this and maybe vienna is do they set up because of this kind of this shared public use? Do they set up an asset management plan so that a contribution, by adding an asset like a housing project to the city's assets, it's not hurting our already ignored asset management process because they are accounting for the regular ongoing upkeep and care of the building so that public housing doesn't become public squalor.

Speaker: Yeah, it's actually one of the most interesting things about vienna is that not only is their their public, they have a regular investment cycle in their their

municipal housing, and they actually have an asset management strategy on their limited profit. And the housing, the, the, the municipal housing as well as the limited profit housing are in every community. So every community is mixed income. The mayor of vienna likes to say, no one should know your income based on where you live, and so you can live any neighborhood you want in any of these types of housing. And since. So that's one thing. And then they also reinvest in the housing specifically to prevent the social housing stock from deteriorating and being less or lower quality than the market rate housing. And so often the social housing is in really good shape. And sometimes the market housing market rate housing is even more deteriorated than the social housing. So it's a really high quality housing standard that they have. And a focus on reinvestment that one of the things that enables them to do that is consistent, predictable funding that they can plan a portion of it always going into rehabilitation.

Speaker: Thank you. Counselors, we're going to move into public testimony so we can make sure to get that done. We've got six folks signed up at two minutes each. So diego, can you kick us off with the first person, please?

Speaker: First up, karen shira, followed by molly hogan.

Speaker: Okay, there we go. Good morning. Or actually actually it's afternoon. My name is karen tyree. I am a homeowner in southeast and a business owner in downtown Portland. And I feel that the housing that is operated by nonprofits or for profit organizations need to be looked into as the few I know that people live in their horrible conditions, such as lack of cleanliness, drugs, and crime. With no accountability. They create more of these housing options. There should be 100% oversight. So with that in mind, it's with heavy heart that I report the dire conditions faced by these individuals. I have spoken with numerous residents who have shared their experiences, and the stories are alarming. Many of these individuals

live in environments plagued by the lack of cleanliness, bedbugs. Unused, our elevators that are not able to be used, pervasive drug use, rampant crime. These conditions not only jeopardize the safety and well-being of the residents, but also undermine the very purpose of social housing to provide a safe haven for those in need. The absence of accountability and oversight in these housing programs is troubling. When we allocate resources to create more social housing options, we must ensure that these facilities are held to the rigorous standards. It is essential that we implement 100% oversight for all social housing initiatives. We must prioritize the health, safety and dignity of our most vulnerable community members by instituting comprehensive oversight and accountability measures, we can foster an environment where residents feel secure in their homes and are afforded the support they need to thrive. Thank you for your time and consideration.

Speaker: Thank you.

Speaker: Karen molly hogan followed by donna cohen.

Speaker: Good afternoon, chair avalos and committee members. My name is molly hogan and I am the director of the welcome home coalition. We are a multicultural alliance of dozens of organizations and individuals working together to build a housing justice movement in the Portland metro area. I am here today to vocalize our strong support of the resolution introduced by councilor, green and avalos to require the city administrator to study alternative housing, finance and ownership models. Welcome home coalition was born out of a small group of social service providers getting together after the 2015 Portland mayor declared a housing state of emergency. The very ordinance referenced in this resolution, the coalition championed and moved forward. The first city of Portland affordable housing bond that voters passed in 2016. That bond has been an example of

government spending tax dollars as promised and exceeding projected goals, and we want to see more of it. However, we also know that traditionally affordable housing development practices have become incredibly cumbersome and expensive due to bureaucratic red tape and escalating industry costs. Because of this, our coalition members have been learning about innovative social housing models used elsewhere. We hosted a housing summit event last April and invited professionals from Seattle and Maryland, as well as our very own housing bureau director, to educate over 100 attendees on different models of providing housing that is quality and affordable, includes more resident control over their living environment, and sustainable financing for continued preservation of the housing. The event stirred inspiration in people and now our coalition has innovative social housing as one of our three regional policy priorities. We have a regular work group on the topic, and we are so excited to see new city leaders taking real action to move forward housing innovation in our city. As many of you, as many of you know, Vienna, Austria has been named the most livable city in the world. 100 years ago, that was not the case, but they started with a vision of housing as a human right and implemented robust public investment to make that a reality. Vienna's social housing triumphs show that when governments invest in housing as a human right, they can combat homelessness and inequity. And there's no reason why we can't do this in Portland. Dream big councilors and lead. Please pass this resolution to a full council vote so we can continue to move forward. Innovative housing practices. Thank you for your time.

Speaker: Thank you.

Speaker: Donna Cohen followed by Cihan McKelvey. Donna is joining us virtually.

Speaker: Thank you. I'm Donna Cohen. I live in Saint John's. As a community housing advocate, former for four years chair of the Portland League of Women

voters housing interest group and a current member of the social housing workgroup of the welcome home coalition, and a homeowner who is finally able to purchase because of a first time homeowner program. I am thrilled to support this resolution. It's clear this committee understands the critical situation we're in, the work the city has already done in regard to housing and future initiatives that are needed. As the resolution notes, we have many, many people living with housing insecurity, and we know from research done out of the university of Washington that the single biggest driver of homelessness is lack of housing, especially affordable housing. See, homelessness is a housing problem. Com we must increase the supply and variety of housing in Portland. I support the range of concepts described in the resolution, such as social housing, land banking and alternative home ownership models. I only have two suggestions, although helmi alluded to one of these. So maybe it's already being looked at. The first would be to build in multiple multiple interim reporting times for the Portland housing bureau. And I love that we that we have ahead of the housing bureau now that know understands so much about social housing and is so supportive. I wouldn't wait, though, until may 31st, 2026, to have council be informed of what's being learned. It's just too important. And then second, per my comments to the council on March 5th, please note that our data would show even greater numbers of individuals and households who require affordable housing. Were we to not use the hud income charts, which show data for the metro area, but instead we should be using data from the census bureau on median, family and individual incomes of Portlanders specifically, because that data will show that the incomes are much lower than the metro area. I consider the not basing our estimates and projections on Portland data to be a significant problem for our planning, and apologies to councilor morillo

for misunderstanding you and blue sky this morning. Anyways, thank you very much and this is really good stuff. Really appreciate it.

Speaker: Thank you donna. Next up.

Speaker: Cihan mckelvey, followed by will hollingsworth.

Speaker: Good afternoon chair avalos, vice chair dunphy and members of the homelessness and housing committee. My name is sahar mckelvey. I'm the director of advocacy and engagement at self-enhancement, inc, or psi. I'm also a member of the welcome home steering committee, and I'm here today to offer support for this resolution regarding alternative housing models, including social housing concepts. I've been involved in many conversations about how we can collectively disrupt the reality of homelessness in our city, our county, and our region. And one of the key points in every productive conversation about this topic is that we must ensure that there is optimal alignment in our various programs, systems, and approaches to this problem. One of the places where there is agreement on our need for better alignment is in how we manage the inflow and outflow of homelessness, shelter and housing. I was in a conversation with several cbo leaders and mayor wilson yesterday, and the mayor expressed his desire to create multiple creative housing solutions for people who are exiting and expanded shelter system, and who are ready to take the next step in their journey to permanent housing. We discussed transitional housing options, hybrid options, sros, permanent housing options, and family and natural supports to act as sponsors. But the primary point was to acknowledge the reality that the path to permanent housing will look different for different individuals and families, and that we must maximize the options for people in order to ensure that everyone can access the ideal fit for themselves. We also must maximize the options in order to create the alignment that we need between the outflow out of short term shelter and the inflow into housing. I think

we're coming to agreement in our city with the concept that welcome home has been championing for the past several years, and that is that homelessness is a housing problem. The lack of affordable housing is the primary driver for the reality of homelessness that we see, and the common denominator in cities across the world where we see this issue, we need more affordable housing solutions for people and social housing, as well as other alternative housing options can and should be part of the solutions that we lift up for our community members. Please take this resolution seriously and give this potential solution to focus that our communities deserve, so that we can follow the example of other cities around the world to increase the livability of Portland and build a thriving community that we all want to see. Thank you.

Speaker: Thank you. Cihan.

Speaker: Next is will hollingsworth, followed by lauren ahmadi. Will is joining us virtually.

Speaker: Thank you. Councilors. My name is will hollingsworth. I live in district four and I'm a member of Portland neighbors. Welcome. I'm testifying today in strong support of the resolution in front of you. It is my belief that social housing presents one of the optimal ways to improve both the cost of living within the city of Portland, as well as the quality of housing stock within the city of Portland. I think regardless of which model the City Council ultimately chooses, and they think would be a vast improvement over the status quo as it stands today, I want to encourage the council and the housing bureau to consider an accelerated timeline for their study. I recognize that staff resources are scarce. I recognize that money is tight, and that all of this does take a certain amount of time. But I don't think the city can or should have to wait a full year for the results of their study. So my encouragement to the council is to make sure that the housing bureau has the

staffing and financial support that it needs to accelerate the timeline of this study.
Thank you very much for your time.

Speaker: Thank you. Will.

Speaker: Lauren armony.

Speaker: Hello. Chair avalos, vice chair, dunphy and councilors. For the record, my name is lauren armony and I'm here to testify in support of the resolution to require the city administrator to study alternative housing ownership and financing in Portland. I was born and raised in Portland. I've worked in housing justice nonprofits for the past five years, and recently joined welcome home coalition as their voices for housing justice training manager. I have also been homeless because I could not afford rent. I grew up off of southeast 35th and hawthorne. At the time, in the early 90s, it was mostly working class families, college students and small businesses. We had block parties every summer. Kids on the street played together and I knew everyone by name. Neither of my parents had a college education, and they were able to buy our house for \$70,000 in 1990, due to the post 911 recessions and illegal terminations on part of the Portland public schools, my father became unemployed. We plunged into poverty and almost lost our house, barely scraping by and making incredible sacrifices that affect me to this day. At the same time, we had realtors knocking on our door on Saturday mornings with cash offers, \$350,000 for our house, 375 400,000. Knowing they'd still turn a profit slowly, my neighbors took the offers and trickled out of the neighborhood. We stopped having annual block parties. By 2005. We managed to keep our house until 2014. It was subsequently gutted, flipped, and sold for over \$1 million in 2016. We know that the private housing market will not regulate itself. Right now, my peers and I are debating on whether to save for retirement, a house or have children, because you can only pick one in Portland. But we can imagine a different

future. I am confident that city leadership can take this bold step to study non-market housing options, social housing for Portland and implement them. Housing options that keep our communities intact, reduce housing insecurity and homelessness, and give residents the opportunity to build their families and their wealth without having to rely on a fickle real estate market and purchasing a house. Portland was a great place to grow up despite the challenges my family faced, and I want to offer that to current and future generations. It is for all these reasons that I urge you to vote in support of this resolution. Thank you for the opportunity to testify and for your service.

Speaker: Thank you. Lauren. Is that all the testimony?

Speaker: No one else has signed up to testify.

Speaker: Okay. Sounds great. Colleagues, it is 1254. We have six more minutes on this. We had a little bit of discussion already. I am looking, though now for a motion. If I could have a motion to have the resolution document number 2025 101 sent to the full council for consideration.

Speaker: So moved.

Speaker: Moved by councilor dunphy, do I have a second? Second seconded by councilor zimmerman. Is there any more discussion on this item in these last couple of minutes? Go ahead.

Speaker: I just want to appreciate the presentation, the work that came into it and that we got some public hearing on that. You know, I think that the term social housing has in different circles, it causes some ruffled brows for reasons of reaction and not necessarily reasons of content or outcomes. And so my I'm going to support this today because I think it's important to be supportive of information. Right. I think that we I look forward to the to the report. And I look forward to looking at what is feasible. And the time to decide what is feasible is not before

you've just gone into a feasibility study. And so I think this is important, right? I think the details will matter. I think that in a world where and in a state where more and more of our population are not healthy enough to ever care for themselves, to raise enough money to pay for a market rate apartment or home, where in previous generations we've made deep mistakes about our most unfortunate folks. And in response to that, we've allowed so many people to languish on our streets that I think this is an important approach to that. There has got to be some type of housing that is off the street that the most basic of social security payment covers, and that nobody is looking to make any profit off of that housing in the month to month. They may make profit by building it for us as the city government. But in the month to month, I think it's important that we recognize that there is a portion of our population who the ability to care for themselves is on a knife's edge at best, and I think that this may contribute to that. I'm looking forward to the outcomes of what this tells us. So i'll be supportive of it. And i'll say again, anybody afraid of information has a problem in their equation. So looking forward to it.

Speaker: Thank you. Councilor. Any further discussion? Oh I'm sorry. Go ahead councilmember.

Speaker: Thank you, chair avalos I just wanted to express my gratitude for people coming today and sharing their stories, especially the person who's experienced homelessness in the city of Portland. As one of the only councilors who's experienced homelessness in this city as well, due to circumstances outside of my control, it means a lot to me to hear from you today, and I'm really grateful that we're investing in studying this and finding different ways to do housing policy and to do this correctly. I also want to express a lot of gratitude for councilor green. I know that on the campaign trail, he really pushed for public housing. I know a few of us were talking about it, but he was doing it the most loudly. And then back in

January, he gathered national experts to ensure that we were, as councilors, getting a lot of information on this. And I'm so grateful to chair avalos for joining that charge and helping us push forward something that is going to be really beautiful, innovative and critical to address our housing needs in the future. So great work everyone. I'm really looking forward to supporting everyone's work on this.

Speaker: Thank you.

Speaker: Thank you councilor. If there's no further discussion, then will the clerk please call the roll morillo?

Speaker: I zimmerman.

Speaker: I.

Speaker: Dunphy I avalos.

Speaker: Thank you colleagues, I see this as really a critical first step in understanding social housing's place in the larger spectrum of housing needs. And I believe that this aligns with my efforts as chair to create a unified housing plan with our city and our jurisdictional partners. So with that, I vote i.

Speaker: The resolution is passed to the full council for consideration with four yes votes.

Speaker: Heck yeah. Okay. I appreciate you all. And we are going to move swiftly into the next item. Diego, can you please read it?

Speaker: Item three amend affordable housing code to add prohibition of anti-competitive rental prices and practices. Excuse me. Included the sale and use of algorithmic devices.

Speaker: Thank you. Before we begin, I just want to address some concerns that we've heard about process. Truthfully, we're building this plane as we fly it, and we're really doing our very best to be good stewards of good governance while we're navigating this new environment. But to be clear, the homelessness and

housing committee had a hearing with public testimony on this bill on February 25th. It has been workshopped by the committee, which is why it's back here with changes. While there is no rule right now that requires us to have public testimony again every time, of course it is our intention to ensure public transparency and allow for folks to weigh in. So we're continuing to work through this process. And I'm talking with council president pirtle-guiney pirtle-guiney to ensure that it has more robust discussion and public testimony when it if and when it gets to the full council after today. So just wanted to clear that up that we're going to move forward with our process today. It's my intention to ensure there's more discussion, and I feel confident that anyone that's interested in testifying on this ordinance will have an opportunity to do so before it receives a final vote. With that, i'll pass it over to councilor. Morillo.

Speaker: Thank you so much. I'll keep my comments brief so that we can get into the presentation, because I know there's been a lot of questions around this. This really all started with the department of justice at the federal level, doing an investigation into companies that are using algorithmic software to price fix and to affect the cost of rent. We know that 47% of Portlanders are renters, and they deserve to have some representation on the City Council and have their needs centered. We also know that the homelessness crisis on our streets is going to continue and get even worse if we don't do some of the changes that we need to do now. So I'm really eager to ensure that we get a robust presentation in with community experts, and I would love to pass it over to my team, who are well prepared to handle this right now. And then we'll have. I'm also asking that folks hold their questions until the end of the presentation. We're anticipating the presentation will be about 30 minutes, and then we'll have 30 minutes for

discussion and a vote to move it to full council. If people feel that's appropriate. So with that, I will turn it over to the presenters. Thank you.

Speaker: Welcome up. Presenters. Are they online as well?

Speaker: Yeah. So we have a few presenters online. Susie is going to be presenting as well in person. And I guess I'll go over the agenda quickly. This is going to cover price fixing the role of algorithms in price fixing. This has been kind of a confusing topic for everyone, so I hope we'll do a little bit of myth busting here, a review of the ordinance and some of the adjustments that were made from advocate feedback and feedback from landlords and other developers, the enforcement of it. And then time for questions and discussions. And with that, I will turn it out. Turn it over to susie.

Speaker: We'll actually be starting with angelo.

Speaker: Okay. Thank you. Susie. Could you are they online?

Speaker: Can you watch?

Speaker: Yes.

Speaker: Councilor morillo. I'm here.

Speaker: Thank you. If you want to introduce yourself and get started. That would be wonderful. Thanks, angela.

Speaker: Of course. Thank you. Good afternoon, chair avalos and members of the homelessness and housing committee. I'm grateful to be here today to discuss this critical issue and want to thank councilor morillo for the invitation to testify. My name is angelo pizzuto. I'm an attorney and legal fellow at local progress, a nonprofit organization that brings together local leaders, partners and experts to build the knowledge, skills and leadership needed to advance advance racial and economic justice at the local level. My professional background is at the intersection of public policy and the law. I've worked to advance democracy and the

rights of consumers and tenants at local progress. I've been working with cities around the country that are tackling the rising cost of living. One way jurisdictions are confronting this crisis is by banning algorithmic rental price fixing. That is the practice of landlords and software companies using algorithms to collude to raise rents. I've worked with legislators in five different municipalities, including Philadelphia and San Diego, and one state legislature on policy addressing algorithmic rental price fixing. Next slide please. My testimony will cover two primary topics. First, what is algorithmic rental price fixing? And second, the concrete impacts of this anti-competitive practice on tenants and communities. But it's appropriate to begin by contextualizing the problem the committee is examining today. As we all know, housing is a basic human need. And like nearly every community in this country, Portland is wrestling with a years long housing emergency where tenants are struggling to stay in their homes or struggling to find an affordable place to live. One of the main drivers of the higher rents and rise in evictions is increasing consolidation and financialization in the housing market. More and more rental housing is now in the hands of a few large corporate landlords and rental property managers. In 2019, 1 in 6 apartments in the United States were controlled by the nation's 50 largest property managers. The share of units managed by the top 50 group has increased every year for the past 14 years. These large corporate owners and property managers treat housing solely as a profit making asset, as opposed to what we all know housing to be a necessity. The foundation of our communities and ideally, what each of us needs for a home. The problems of heightened concentration in the rental market, and in particular the problem of soaring rents, is exacerbated by the problem the committee is examining today. Through this ordinance, algorithmic rental price fixing. So what is price fixing? Price fixing is an anti-competitive agreement among

competitors to raise or lower, maintain or stabilize prices. Price fixing agreement can be written, verbal or inferred from conduct. It is an abuse of market power and is classically understood to lead to price increases. It's also a practice that has been illegal for over 100 years under the federal sherman antitrust act, which many of us, I'm sure have learned about in high school history courses. It is also expressly prohibited under the Oregon statute that I cite here. Next slide please. Algorithmic rental price fixing has emerged as a new anti-competitive threat to communities. Landlords are using so-called algorithmic revenue management software to collude to raise rents. Realpage, a corporation headquartered in texas, is the leader in selling this technology with 80% of the market share for commercial revenue management software for conventional multifamily housing rentals. So how does algorithmic rental price fixing work? Landlords across local markets share private data regarding their rental properties with companies like realpage, including current rents, square footage and vacancy levels. Realpage uses that data and publicly available available data sets to estimate supply and demand for rental housing specific to particular geographic areas and unit types. That is, specific floor plans three bedroom, one bath, three bedroom, two bath, etc. Realpage then recommends rent and occupancy levels that maximize not just the landlord's revenue, but revenue across all of realpage's clients in the market. According to the united states department of justice, realpage's software provides daily price recommendations, and the company has intentionally designed its software and services to increase compliance with these recommendations. For example, by reporting a property management employees rejection of a price increase to that employee supervisor. And realpage has openly touted that this is exactly what their software is meant to do, referring to its products as, quote, driving every possible opportunity to increase price. Quote, avoiding the race to the bottom in down

markets and quote a rising tide raises all ships. Next slide please. Despite using new technology, however, algorithmic rental price fixing is the same old unlawful anti-competitive practice banned under federal law over a century ago. Indeed, a federal court in Washington state held that the alleged business model of yardi systems, a competitor to realpage, is a quote hub and spoke conspiracy and a quote classic example of a per se antitrust violation. Next slide please. So we reviewed some of the technical ins and outs of algorithmic rental price fixing. But we're all here today because of its concrete harms on tenants and communities in Portland and around the us. Next slide please. The core purpose of algorithmic rental price fixing, as we've discussed, is to maximize profits for landlords, which means setting higher and higher rents at the expense of tenants. But it's crucial to note that the practice raises rents not only for buildings using the algorithmic tools, but also across the market. That's because there will be more tenant demand for units with lower rents that aren't fixed, thereby driving up rents for those units too. According to a 2024 analysis by the white house council of economic advisors, this practice nationally costs tenants \$3.8 billion more than they otherwise would have had to pay in rent. And while it is difficult to estimate the exact cost to tenants in Portland, a Washington post analysis revealed that about one out of every six multifamily units in the Portland metro area are owned by landlords. Named in algorithmic price fixing lawsuits. Next slide please. This practice distorts the housing market, including in Portland, and exacerbates the housing affordability crisis, leading to absurd results like increasing rents alongside higher vacancy rates. That is because the algorithms routinely tell landlords to keep units offline to optimize profits. That is, the algorithms create artificial scarcity in the housing market. This price fixing leads to drastic rent increases, which then lead to more unaffordability, more evictions and more homelessness, threatening the fabric of local communities.

Next slide please. The need for councilor morillo proposed legislation is great, but I know some of you may be wondering why local legislation is necessary when there's active litigation to stop these practices. Next slide. First, the outcome of that litigation is far from certain. It's not a given that courts will issue rulings that ban the practice and protect local communities. Second, litigation may take years to play out. In the meantime, tenants will be pushed out of their homes and communities because of rent increases, thanks to algorithmic tools. Lastly, although perhaps most importantly, even if realpage's practices are found to be illegal in federal court, given the barriers to antitrust enforcement that are primarily related to the economics of bringing antitrust suits, this legislation will help to ensure that a realpage copycat, operating locally or regionally, will not pop back up. It's thus critical that Portland ban algorithmic rental price fixing in order to give everyone in Portland a fair shot at housing. As policymakers everywhere wrestle with the cost of living crisis, Portland has a key opportunity to set the tone for other municipalities across Oregon and across the country by banning rental price fixing local governments because of their ability to move nimbly in response to the needs of their constituents, are, as here, often best positioned to take on new illegal practices or in this case, new technologies that facilitate conduct long held to be illegal. Thank you again for your time and your leadership on this important issue, and I look forward to answering any questions.

Speaker: Thank you so much for your time, angelo. We'll save questions until the very end. And up next we will have sima from smart cities pdx to talk about the role of algorithms in this. And sima is online.

Speaker: Great. Thank you so much. Councilor morillo, angelo and susie. Good afternoon, councilors. For the record, my name is sima kumar and I am the chief of community technology at the bureau of planning and sustainability at the city of

Portland. Today, I'm speaking to you on behalf of our smart city pdx program, which focuses on the responsible use of data and technology to improve people's lives, particularly in underserved communities. The smart city pdx program work is done in close partnership with multiple city bureaus and prioritizes intentional public engagement to ensure that we are meeting the needs of our residents in an equitable way. I'm grateful for the opportunity to share insights on the role that algorithms play in rental price fixing technologies, and how they impact our communities. Next slide please. So taking a step back from algorithmic price fixing, let's start first with defining what an algorithm is. When we talk about algorithms, we're essentially referring to a set of instructions or rules that enable a computer program to take different sources of information and generate a specific result in a non-internet based context. Let's take the example of a recipe for baking bread. Just as a recipe combines ingredients in a specific way to create a loaf of bread, an algorithm combines data from various sources to produce a specific outcome. Algorithms have evolved significantly from a simple set of instructions, and are now capable of performing more complex, sophisticated tasks beyond following basic instructions. Algorithms have also evolved to include advanced methodologies to be used in artificial intelligence, such as machine learning, speech and facial recognition, and automated translation. Other examples of algorithms. Automatic ranking systems, such as those used in job applications. They rely on algorithms to evaluate resumes, rank candidates, and sometimes even help determine who advances in the hiring process. Recommendation systems, such as those used by streaming platforms like netflix or e-commerce sites like amazon. They rely on algorithms to analyze your past behavior and the preferences of similar users. This helps predict what content or products you might be interested in. Automatic fraud detection systems use algorithms to analyze transaction patterns in real time,

helping to detect and flag unusual activity that could indicate fraud. Next slide please. So now let's dive into how an algorithm works using the example of the cully neighborhood in Portland. First we start with inputs like census data which includes details about population, age and income in the cully neighborhood. The algorithm then processes this data by breaking it down into smaller categories, separating it by neighborhood, age groups, and income levels. Once that data is sorted, the algorithm generates an output, such as the percentage of households in cully divided by age or income. This output then helps to visualize specific patterns, such as where different age groups or income levels are most concentrated. From there, a decision maker can use this process information to decide if the cully neighborhood actually needs a park. The algorithm doesn't just show raw numbers. It's important to understand that the algorithm transforms the data in a way that enables data driven decisions. However, there are some drawbacks in the utilization of algorithms. To continue in our example of the consideration to build a park in the cully neighborhood, let's examine data accuracy and quality. The effectiveness of the algorithm is heavily dependent on the quality and accuracy of that input data. If the census data for the cully neighborhood is incomplete, outdated, inaccurate, the resulting analysis will be flawed. Another drawback is bias in the data. Algorithms are only as unbiased as the data they are trained on. If historical data from the cully neighborhood reflects systemic inequalities or biases. These biases can be amplified by that very algorithm. And yet another drawback is oversimplification of results. While sorting data by neighborhood, age, and income in the cully can be helpful, it may be. It may oversimplify the complexity of community needs of the cully neighborhood. People's lives are not only defined by these categories, such as class, and such classifications might overlook important factors that aren't captured in the data. For instance, a neighborhood may have

diverse needs that aren't fully represented by age or income data alone, such as cultural needs, mobility, access, or social cohesion, which may be subtle and nuanced factors to consider and that that data may not be able to fully capture. Next slide please. So now we come to artificial intelligence. Ai is a set of advanced algorithms designed to enable machines to perform tasks that typically require human intelligence. These tasks include things like recognizing patterns, making decisions, understanding language, and even predicting future outcomes. All ai algorithms are also considered to be dynamic, meaning they can learn from experience and theoretically improve over time. This ability to optimize output based on new information allows ai systems to become more precise. The more data they process, based on the quality of the data that is fed into it. Ai is also designed to adapt behavior based on the new data it encounters, which means it can continually evolve to handle complex tasks progressively. Some examples of ai systems are ensemble learning, which combines the predictions from multiple algorithmic models to improve decision making. Deep learning and neural networks, which mimic the way our brains work to process vast amounts of data for tasks like image or speech recognition. Hierarchical clustering is an algorithm that algorithms use to group data into categories based on their similarities. It organizes data in such a way which assists in data analysis and pattern recognition. Next slide please. While artificial intelligence and advanced algorithms bring significant improvements to many industries, there are there are several important concerns that we need to be aware of when it comes to their use. One major concern is algorithmic data aggregation, which can be used for practices like rental price fixing. In some cases, algorithms are intentionally designed to collect process price. Process pricing data in ways that allow companies to collude and manipulate prices. As angela already noted, this is essentially price collusion on

steroids, as ai systems can perform this task more efficiently and at a scale that is harder for regulators regulators to detect. Another challenge is the opaque nature of these algorithms. Oftentimes, algorithms operate like a labyrinth, complex and difficult to understand. Many algorithms are considered proprietary, which means companies keep them hidden from public scrutiny and avoid regulatory insight. This lack of transparency can make it hard for us to fully understand how these algorithms make decisions, or if they are fair and ethical. Then there's the issue of causality. While algorithms can process and analyze data to make predictions or decisions, they don't always account for cause and effect in the way humans would. Algorithms may not make decisions based on causality. They may identify patterns but fail to understand and provide the underlying reasons behind those patterns. Additionally, the underlying reason reasoning for causality can change over time as new data or variables are introduced. Lastly, the idea of unbiased algorithms is a myth, especially when there is no regulatory scrutiny. While the instructions within an algorithm might be neutral or unbiased, the people who design and train these systems can unintentionally or intentionally introduce biases into the outcomes without proper oversight. These biases can lead to unfair results, even if the algorithm itself seems objective. Next slide please. In September of 2020, the Portland City Council approved ordinances banning the use of face recognition technologies by the city of Portland bureaus and by private entities in public spaces. Face recognition technology is an automated or semi-automated process that assists in identifying or verifying an individual based on an individual's face. The ban was implemented due to the lack of transparency in how facial recognition algorithms work. These systems often operate as black boxes, meaning they are difficult for the public, regulators, and even sometimes the developers themselves to fully understand. Facial recognition. Technology has raised concerns about

privacy violations, bias, especially racial and gender biases, and surveillance, particularly because it can be used in public spaces without people's knowledge or consent. The issue of causality in facial recognition algorithms comes from the fact that these systems don't always consider the true cause and effect relationship behind the patterns. For example, an algorithm might incorrectly associate facial features with specific behaviors or outcomes, such as the likelihood of being involved in a crime without even accounting for other social or contextual factors. This can lead to biased and unfair decisions. The Portland face recognition ban and the ban on algorithmic rental price fixing both stemmed from concerns over lack of transparency in how algorithms work and causality the misunderstanding or ignoring true cause and effect relationships. Both issues involve the potential for unfair and illegal practices, where that's whether that's in terms of privacy violations or price manipulation, and to highlight the importance of transparency, accountability and regulation to ensure algorithms are used responsibly and that they serve the public equitably. Thank you so much. I'm looking forward to your questions. I'll pass it to the next speaker.

Speaker: Thank you so much, sima. I appreciate your time. Up next, we have susie doster, who's going to go over the ordinance, and then after susie, we will have city attorney tony garcia, who is joining us online.

Speaker: Good afternoon. Councilors. My name is susie doster, and I'm councilor morillo policy advisor. My background is in law and policy, and i'll be walking you through the ordinance today. Next slide please. So I'm sure we'll return to this often, but I just want to say up front that this ordinance intent is about price fixing and price coordination. Currently, it is the case that landlords for over 32,000 units in Portland are gathering in a conference room to share their most sensitive competitor data with each other, to set rental prices and agree to move those

prices in unison. It has been established for over 100 years that it's illegal for them to do this in person or over the phone, but algorithmic price fixing tools enable them to do it digitally in a digital conference room, with significant negative impacts for rental prices and supply. This ordinance is simply making it clear that anti-competitive practices like price fixing and price coordination are illegal, regardless of when or how these activities take place. So moving into the mechanics of this ordinance, we're going to be prohibiting three categories broadly of anti-competitive practice. So each of these practices categories or practice categories, excuse me, are anti-competitive in themselves. But the problem is when they are combined in concert, they constitute a highly anti-competitive business model. This is the business model of the price fixing software providers that we are addressing with this ordinance. Next slide please. So we're going to address each category of prohibition in turn. So this prohibition one this is a category prohibiting landlords from sharing competitively sensitive information with other landlords and operators of price setting tools. So market actors like landlords, typically do not want to share their most sensitive data because they rightfully fear that it will be used against them by their competitors. However, this problem can be bypassed if landlords agree to share that information with a central coordinator, in this case, an algorithm. So that central coordinator is going to use the data that is shared with them to set prices and coordinate market behavior in such a way that will benefit all of the coordinators clients. So again, a rising tide lifts all of the colluding boats. This is the foundational logic of price cartels, which for participants are a great deal. They reduce uncertainty about what their competitors are up to. They keep profits high. They allow tight control over supply, and they dampen competition. However, this is a terrible deal for everyone else in the marketplace, so it's terrible for the tenants who have to pay inflated rental costs. It's terrible for the local businesses

that no longer receive the disposable income of these tenants, because those tenants are paying for higher rents. And it's also terrible for landlords who simply don't want to participate in a price fixing scheme. They want to participate fairly in the marketplace, they want a competitive marketplace, but now they have to fight to stay afloat in a market where their largest competitors have effectively insulated themselves from competition. So this ordinance is definition of competitively sensitive information provides precise examples of what we're talking about. And it also aligns with our legislative intent. We're trying to prevent anti-competitive practice, the same data that would be anti-competitive to share with a competitor over a telephone call is also competitive to share over an algorithm. Next slide please. So the second bucket of prohibitions that we're going to talk about is using a price setting tool. So this is a prohibition broadly on prohibiting a person or entity. So a landlord from using a price setting tool entering into an agreement to use a price setting tool, charging rent that was determined with a price setting tool or engaging in a price fixing scheme. So the logic behind this is simple. It's simply that price setting tools provide a mechanism for competitors to coordinate pricing decisions in a way that they simply cannot. In a truly free and open marketplace. So price recommendations are based on competitively sensitive information from actual leases, executed leases, or private supply and demand data. The landlords who receive these recommendations with these models understand that because this price recommendation is based on their data as well as the data of their competitors, that accepting this price will likely bring them into closer coordination with their competitors. Again, this is price coordination. It's reducing competition and uncertainty for landlords in pricing. Further, services like realpage have mechanisms for enforcing compliance with their recommendations from auto accept features that are baked into the software infrastructure, to compelling

landlords to justify any deviations from recommendations to having secret shoppers that show up to test whether landlords deviate from recommended prices in the face of a negotiation. So someone pretending to be a prospective tenant and trying to negotiate, and even firing clients if they accept fewer than something like 75% of the price. Recommendations. This is quintessential price cartel enforcement. This is how cartels enforce their higher prices and constrain supply. They punish deviation and undercutting. They eliminate the competition, essentially. So this definition of price setting tool is again looking to prevent anti-competitive behavior. Under this definition, you're not using a price setting tool. If you're aggregating your own information or making your own decisions about rent, or you're not analyzing competitively sensitive information. We can also look at the definition of a price fixing scheme, which is in this ordinance which prohibits coordination. So setting or moving prices in unison, up or down. We want landlords to respond to competitor actions in the marketplace, but we don't want algorithm facilitated synchronized movements across properties, especially when a service like realpage is enforcing compliance in the manner that I discussed. That's just not free market competition. Next slide please. So this is just a quick discussion of how an entity like realpage is going to use cartel like enforcement. So please feel free to read. I'm not going to read it out loud for you. Next slide please. So the final bucket of prohibition is going to be selling or licensing price setting tools. As the slide states Portland is in a housing supply crisis. A pricing cartel will absolutely inhibit operation of the free market and disincentivize the competition that we really, desperately need to provide the housing supply that we need. Again, this is baked into the cartel model. So market actors engage in anti-competitive practices like price fixing and coordination in order to keep prices high, but keeping prices high at the top of the market or above the market necessarily requires constraining supply

in some manner. So this is not what we need during a housing supply crisis. Next slide please. So at this point, I'm sure you've heard from opponents of this bill. Most of their contentions are grounded in a misunderstanding of the ordinance text and how it operates in practice. So we'd like to address what this ordinance is simply not so this ordinance is not prohibiting property management, software, market research, excel, or even the use of algorithms. It's prohibiting price fixing and coordination. It's not discouraging developers from coming to Portland. We're not prohibiting profit. We're prohibiting competitors acting as collaborators. So ample profit is made every day in real estate without engaging in price fixing or coordination. Housing development proceeded before price fixing software, and has proceeded in jurisdictions where entities like realpage are simply not operating. Developers look at a number of factors when deciding where to go to build next land values, permitting construction costs, population trends. The ability to price fix via algorithm is simply not a consideration at the top of their list. And even if it were, the developers we most want in Portland are the ones who want to earn profit by innovating. They want to earn profit by delivering the best apartments, the best floor plans, the best amenities, the best supply that they can. They don't want to profit because they're colluding and bypassing the free market competition we want to have in place. So finally, we're not imposing burdensome regulations on landlords. There's no required paperwork you can keep using zillow. Mom and pop landlords are not going to have to change their day to day practices unless their day to day includes collaborating with entities that should be their competitors. Next slide please. And finally. Oh actually, yes. Just one more quote from the department of justice complaint against realpage. Again, as a client said, this is classic price fixing. Next slide please. And finally, this is just a demonstration of the fact that worked on this topic is proceeding across the country with bipartisan support.

These ordinances are already in effect in some jurisdictions, and there really hasn't been this parade of horrors with respect to implementation and enforcement. I will turn to tony garcia briefly to discuss enforcement. Thank you.

Speaker: Thank you. Susie.

Speaker: Thank you.

Speaker: Hi. Good afternoon. For the record, tony garcia with the Portland city attorney's office. I use he him pronouns. I'll walk you through the ordinance and some of the pieces that susie just covered. I'll start you off by letting you know that this is amending chapter 30 of Portland city code. Excuse me. So, as susie covered, we have the policy that's in here in the first section, 30 .01.088. And then we've added some definitions here regarding price setting tool, competitively sensitive information, price fixing scheme and revenue management products. I won't dwell on those as I think. I think susie has already covered them and then she's already talked about the prohibited practices which are covered in section b. So there's the seven items there that are listed, which susie grouped into the three different categories. So i'll now turn to talking about enforcement. And what we have here is a system where there's two types of enforcement that could ensue as part of this part of this ordinance, and that is one a private right of action where a tenant would be able to go into court and seek their own relief from the court when there's been a violation of this section, and then also an enforcement by the city, if the city so chose to initiate a case and go through the hearings office. So those are two separate sections. The first one allows a tenant to recover damages. That would be damages that they would recover. There's been questions about the triple damages or the \$10,000 cap. And that's really a recognition that these cases are very hard to bring. First, the tenant is going to have the burden of to prove that there was a violation of this ordinance. And then next they will have to prove

damages. So in order to alleviate that burden upon a grievance, they would be able to just go for the \$10,000 as a maximum amount that they could recover. And that is to lighten the burden on the tenant who's been aggrieved by this chapter. The second set of enforcement is what the city could pursue, and this is where the city would seek relief as pursuing cases on behalf of the public. These civil penalties and fines would be paid to the city. We would not be representing individuals in these causes of action, as has been portrayed in the testimony, both at the prior hearing and today. There are not many companies at issue that are engaging in this behavior, and so do not expect this would in this would end up with many cases by the city. And the one thing we've added here is that the city attorney's office would have subpoena authority in order to be able to develop a case, to be able to gather documents and be able to prepare and work with companies in advance. We've laid out calculation of violations that separates out the civil claims versus city enforcement. And then lastly, the applicability, which would be 90 days after passage of counsel that's still out, contracts that are currently in place to end. And this would apply to those contracts that are entered into after that date. And then lastly, the statute of limitations, which would be five years from the date of violation. And I'll turn it back over to Susie or over to questions. Thank you.

Speaker: Thank you, everyone for your presentations. So here's just a list of some of the groups that we met with and the experts and some citations. For a lot of the research that we did and other cities have done. In case you want to take a look at that more in depth, next slide, please. I think it's just the question and discussion portion. So we have about 30 minutes for questions and discussions. Tony, the city attorney will stay online for this portion. And we have all of our other experts who will be here as well to address any of your concerns. Thank you.

Speaker: Well, thank you, councilor, morillo and all of your testimony and presentation. So at this point, we will enter in deliberation. I don't see any hands yet.

Speaker: I got no questions.

Speaker: No thoughts, no questions. All right, let's hear it.

Speaker: I'm amazed. There are not questions. I thought I would learn something from a few other questions. So I think this question first will probably be for mr. Garcia. So with respect to the enforcement paths that you've outlined here, a few things that are.

Speaker: I'm trying to.

Speaker: Better understand, have to do with why in paragraph two, city enforcement, we talk about the city attorney investigating versus code compliance. And I say that relative to I'm unaware of the city attorney investigating the public. I think that's the district attorney, and I think that's the police. And I think it's code and compliance. I'm just trying to understand the reasoning for that in this case.

Speaker: And certainly there's a policy decision to do that. I would say this is not the first time the city has done this. The city does this in the context of the. Last year in the delivery fees or not last year, but in recent memory, the delivery fees ordinance the council passed. So this is a new tool that really is just responding to the fact that it is very difficult to bring these cases. And if you wait until the alternative, if we do not have this power, is to first file a case in court and then go through the discovery process. So this is to this is meant to try to more quickly resolve these issues by giving power to my office to be able to initiate and investigate these cases. But that's certainly a policy call whether to have it take place in that manner or to take place in some of the code compliance that you're referring to. In other areas of city enforcement.

Speaker: Thanks. You know, councilor maria and I had some really good conversations. And one of the areas that doesn't exactly come off the page, that makes a lot of sense for me is how paragraph three, which talks about the calculation of violations, how it relates to either paragraph one, which is about civil actions, or how it relates to paragraph two, which is about city enforcement. The way I'm reading that is that each month that a landlord charges rent. Meaning if I were to identify a landlord who executed a lease, a 12 month lease, that that one action is now constituting what will be 12 violations of this is am I reading this correctly?

Speaker: Yes.

Speaker: Okay. Can you share the legal philosophy on why? Because it seems like one action, one violation. Can you share a little bit about where where that's coming from or what that serves by having each month then be another violation without any due action by any participant in that?

Speaker: Well, there are 12 separate violations in there, but the penalty structure is set up so that it would be per lease period. So I mean part of this is also to add additional time. So let's say you are a tenant, you sign a lease and you find out down the road that a price setting or a violation of this ordinance occurred. If we tie the conduct to the lease initiation, a tenant could potentially have lost out on one year in pursuing their claim. So by tying the violation to any month in which that violation occurred, it would give that tenant more time to be able to pursue recourse.

Speaker: Okay. And then in that case, this also reads that. So if each one of those months is a violation, then it also in paragraph three, subparagraph c says that all other tenants of that complex also have a claim, if you will, for violations. And so I'm just trying to understand in terms of if a person were to violate this, the, the gravity

of what this would mean if you had a five, a 50 or 150 unit complex, that if the action against one person is the is the is the violation where the philosophy around having the rest of the complex sue them also came into play here. That was an interesting paragraph I was hoping you could address.

Speaker: Can I address some of this? I mean, and we can have the city attorney do that as well. But I think what this is really getting at is that if a landlord is using price, is using software to price fix, right, because you can use an excel sheet or whatever to price fix as well. So it's not about the tool as much as it is about the action. And the point is, if a company with 150 units or 50 units or five units is using this software to price fix, they have impacted all of those renters. And this is also meant to be a deterrent to prevent landlords from engaging in unfair practices that violate the free market values of competitive pricing. Tony, if you want to add your legal analysis, that's more of my general analysis.

Speaker: Yeah, I think this is just allowing a cause of action to be stated here, to make it easier for other aggrieved tenants to also join in on any potential litigation and violation that was occurring, so that you would not have to prove each individual case that occurred. If you could show that they used it for the whole complex.

Speaker: Okay. I'm going to continue to look at the screen. So if others have questions, you can interrupt me. But like I said, councilor morillo. And actually susie and i, we had really good conversations. And one of the areas that I've identified is because I think we can all agree that that price fixing and using ai technology is something we, you know, there's enough cases that you've all cited. I think it's great work, right from that, from that perspective, what I've shared with councilor, morillo and others is that I think that this version of it that we have in front of us at Portland seems to be a net that is cast out and is capturing a whole lot of what I

would call everyday life of a rental unit that is not part of price fixing. And so that's where some of my concerns exist. And I and I say that insofar as the I'm not sure that the competitively sensitive information paragraph, which is extensive and was put in in this new version, jives really with the price setting tool. At least the last three paragraphs of this paragraph. The last three sentence of this paragraph, insofar as if you were to look at an mls listing or zillow listing, or redfin listing of a triplex, for instance, today, often those are going to have the rent that that that those units have have received in the previous year. That's part of the listing. And so that seems like a normal course of business for me. I guess I understand that part. And between those two paragraphs, it remains unclear to me if that would constitute having information that I that one shouldn't have when they when they purchase a triplex, for instance, I'm using the mom and pop. I'm going to keep going back to the mom and pop version, because that's where I think sometimes rental rules can have bigger consequences that lead to just the conglomerates owning rental units in this in this community. So I'm really going from the mom and pop standpoint. So I'm finding some difficulty in that. Susie and I had great conversations about it. I don't think we've rectified my concerns yet, but I wanted to identify that. I think that one of the things that is very concerning for me in, in Portland's version of, of trying to get in front of rent, excuse me, price fixing and collusion. I am a landlord for a single unit in a single apartment or excuse me, condo complex. And one of the things I do as one of those is I hire a property manager on my behalf, and they would qualify in this document as a landlord's agent. And if this were to pass, I would have deep concern if the person I've hired to do that work has any other clients in the neighborhood, because when I ask him for, you know, if the lease comes up or the or I have a vacancy, I'm not sure that this document would allow him because he has information from other units to give me

advice on what the rental price would be, and that's where my biggest concerns are coming right now on this is from from that angle. And so. I, you know, chair, I appreciate that you opened the meeting with why we're not having public comment. But I do think like especially given, you know, we had a pretty robust conversation about public comment just last week, i, I think that this document has changed enough that it would be helpful to have had that. This time I see a few more cues for questions. So I'm going to I'm going to back out for a second and see if there's other questions that will help me put a few of mine to rest here before I make a decision.

Speaker: I just wanted to address some of your comments. Councilor zimmerman, I appreciate you raising those questions, and I just wanted to say that our office also met with other companies like zillow, and they had no concerns about our ordinance because they are not using their software to price fix. That is the main concern here. So if you are using redfin or zillow or your realtor is, you're not going to be directly impacted because that's not what this ordinance is talking about. I also want to point out that on your desk or printed just a few, just a few emails that our offices have received from mom and pop landlords who are in support of our ordinance because it actually helps them stay within a competitive market. In addition to support from legislators and other community organizations. And we are still continuing to get more support flooding in. So I understand the concerns as far as mom and pop landlords, but anyone who's not using price fixing software is not going to be impacted by this. Susie, you looked like maybe you were going to say something or tony, if you want to address some of councilor zimmermann's concerns, i'll turn it over to you. But I also want to point out that the amendments that we created were in partnership with other companies like swift public affairs and other realtors and landlords who specifically told us that they wanted the

language to be more specific and outlined and clear so that enforcement would be really clear and that they would know what they were getting into ahead of time. So that was our attempt to be responsive to that feedback. And our amendments actually narrow the scope because they directly outline who can get in trouble for doing what versus before it was more open ended. And so this is our attempt to make sure that landlords who are acting in good faith, who are not using algorithmic software to price fix, are not impacted by this. And i'll pass it over to tony or to susie to address some of the concerns as well.

Speaker: Yeah. Happy to jump in here. Just to expand on a few of those points, if it's of interest to councilor zimmermann. But you did cover a lot of it. Councilor morillo. So with respect to expanded definitions, just to echo what councilor morillo was stating, this is for the benefit. The expanded definitions, these are not additions of new substance. These are clarifications as to the scope of enforcement. So if we were to write in a very broad manner what we intend to do in terms of enforcement or regulation, we would still be in practice regulating in the exact same manner as we would be under this ordinance. We would just be less explicit about what we're going to do in advance. So the text of the ordinance being laid out in this way is actually to the advantage of landlords, especially those who want to act in good faith and avoid a violation. These are intended to provide clarifications as to what is permissible and what is not permissible. And we, of course, are very open to language adjustments. That would make it even more clear to ensure that landlords can comply with this. But again, a vast majority of mom and pop landlords are not going to be implicated by this at all because, again, this is fundamentally about price fixing and price coordination, anti-competitive practices, not the use of zillow. And then moving into your comment, particularly about zillow, I would state as councilor morillo said, it's a completely different business model.

So the zestimate tool is not a price recommendation. It is a statement of value. But even if it were, it's not using competitively sensitive information to arrive at that statement of value. So it's advertised lease prices for example. So this is publicly available information. So zillow is not really structured in a way that facilitates coordination. Zillow doesn't care if you abide by their zestimate recommendation. They're not going to follow up with you. They're not going to ensure that other landlords work in concert to ensure that zillow's recommendations are followed collectively so that zillow itself can profit from these higher prices. Zillow is providing information, and it is actually undermining the one of the values of a price cartel, because zillow is eliminating information asymmetry, it is ensuring that landlords and tenants alike have access to the same information. Everyone can go on zillow zestimate and see what a zestimate is for a particular property. A private algorithmic price fixing software service is the opposite of that. It is insular. It is for the price cartel only at the expense of tenants and other landlords who might benefit from that information. To the extent that it's a market research tool. But again, the value add of these tools is not market research. Many landlords continue to retain their market research service even while using a service like realpage, the true value add of realpage and why it's a multi-billion dollar company is because it's facilitating price coordination. And then for your final point, councilor zimmermann, about a susie.

Speaker: Yes, sorry, I think councilor avalos, we have ten minutes until we have to move into voting for the amendments and then the potential vote through committee. But we did have extensive conversations with you, councilors, so I hope you won't mind us addressing those at a later time.

Speaker: Yeah. So let me just make a note on process with 12 minutes remaining. So there are a couple actions we need to take in order to move this out of our

committee. One, we need to approve an amendment that i'll have you introduce here in a moment. Councilor morillo. And then the second step would be to actually move it to the full council. Let me know and be clear that there is lots more opportunity coming to discuss all of these things in the full council. And if anything, I think it's important that we continue to do it at full council because it's going to clearly need everyone's going to need to be caught up to speed in order to make an informed decision on voting on it. And so just want to stress that we these this conversation is good, and I'm hoping that we can bring this into the next phase. If we can get this out of committee. Let me pass it to you real quick to introduce the amendment just for process sake. Is that okay? And then i'll come back to you, councilor zimmermann. Okay.

Speaker: That sounds great. Thank you. Councilor avalos, can I have a motion to adopt the amendments to the ordinance document number 2025, dash 045.

Speaker: So moved.

Speaker: Second.

Speaker: I think you're allowed to second.

Speaker: Okay. Oh, yeah, I'm the chair. Sorry. So the motion has been moved by councilor darby and seconded by me. Is there any discussion on the amendment, councilor zimmermann.

Speaker: So. Councilor morillo, my comments are not about your amendment and they're not about this, but the process in which we're adopting this amendment. Chair, I find right now the leadership that you're presiding over this deeply inappropriate, I think that you sat in that chair at this council meeting last week and made a stink about public process and public comment. And frankly, I think I'm still in my questioning with the city attorney. And you just quickly rushed through to make sure that we had an amendment. You have not allowed public comment on a

deeply changed topic. And as a person who has, on the record multiple times advocated for the use of committees in this City Council, and I believe in that use, and I think you do, too, to now say that actually we just need to pass this on so that it can get to the council where the real work can happen, I think is the opposite of where we have entered into this process. I think. Councilor morillo, you have an important and honorable and notable ordinance that you're bringing. I would like to work with you to, to reduce some of the confusion so that we can get after price fixing. And I use in price fixing. That's my intent today. I feel like this committee is being ramrodded. I know I will lose the vote today, but it's being ramrodded so it can get past this committee for some reason, and I actually think it's hurting the chance of councilor murillo's ordinance here, and I'm pretty displeased about it. I think that I'm going to stop.

Speaker: Well, let me let me respond to some of that. I mean, I don't think that my actions are in contradiction, but I will just say that the reason I'm pushing for the amendment discussion is it's actually a simple amendment. And I don't believe from my understanding, from the first version of February 25th to now, that there's much change. The major, it's mostly friendly amendments that are going on because it's changing the language and definition, as she described that she came to with the help of the stakeholders. So the amendment to me is procedural in just adopting a changed, technically changed document, but not, in essence, change document. It's really just structural. That's my understanding. Yeah.

Speaker: That is correct. Chair. Avalos and I also want to point out a few things. We are figuring out this new committee process, but under city code, we are only required to have public testimony at one meeting. The amendments that we created were in order to address the concerns of some of the groups that I think you're referring to. And they had an opportunity to testify on the 25th. They did not

take it. They are paid corporate lobbyists. They should know when they can testify and do that research themselves. Additionally, they have met with offices individually. There will be two opportunities to testify at full council, and the amendments were so not substantive in change that it did not have to go through the clerk and legal review all over again if they were so substantive that it changed the entire policy, it would have actually been delayed another two weeks. So we added things to just clarify the language. It was not a gotcha to try to pull one over on anyone. It was truly a good faith effort to define some of the language. To make this more comprehensive, I also want to point out this started February 25th. We were here a month later. It's going to go to full council again. It has to go to full council twice. So that means if you get it into council back to back, that's going to be another month. Because our council meetings are every other week. Tenants cannot be waiting for us while we're lollygagging on a policy that has been very well researched and should be an absolute no brainer, because it comes at no cost to the city for us to do something really good for our community. Thanks.

Speaker: So back to what we're in right now. We are technically in an amendment. We have to make a vote on the amendment. So the amendment again is simple tweaks, not changing essence. I agree with councilor morillo that the if it was changed substantively, we would have needed more time because legal review would have required more time. I mean, I think ultimately, you know, I have I agree that I have been very public about public testimony and just in general, how we are ensuring the public is part of our process. It's something that I intend to talk to council president about, because there's been some and there still is some disagreement about to what extent is the bulk of the process in moving a bill? Is it happening in committee? Is it happening in council? I honestly don't know the full answer to that right now. And we're kind of moving through this test. This is a test

case in my opinion. I suspect there will be a lot of discussion on process when this comes to council, and hopefully from that we can adopt whatever is a new process that we all feel good that we're vetting. I agree that I think the committee should be a place for strong vetting, and I agree that the council needs to also be a strong place for more more vetting and more public testimony. That was a disagreement that I had had about. That's the disagreement that I was talking about last time and council that you were referencing. So I hear you. I understand that there's concern, but I just I guess I just feel that we are already building in a lot of process that's going to have to happen in the next month. So I don't see this taking this step to move it into a next phase as being the antithesis of public testimony and transparency. So on that note, I need to call for a vote unless there's any more discussion on the amendment for a vote on the amendment. Okay, can I get a roll call? Vote, please?

Speaker: Morillo I zimmerman.

Speaker: I'm pretty sure that we're violating process by not having public comment on an amendment before a vote, I vote no, dunphy.

Speaker: I avalos. I with three yeses. The amendment is approved.

Speaker: Can you tell me more?

Speaker: What do you mean?

Speaker: A comment on amendments is pretty standard practice at most municipal governments. So it's passed.

Speaker: All right. There's clearly going to need to be more discussion about process. I'm going to be honest, there is a lot that is unclear to me about how this process relates to the council, but as far as I'm concerned, we are operating within the code. And so that's how I'm moving this agenda. With that, we're back to the amendment is passed. So the new, you know, resolution or ordinance is on the

table with the adopted language and would require the next step of actually moving it to the full council. And due to time, I'm going to get us into that step. And so I would call for hold on, let me get the actual language. I'd call for a motion to move the ordinance document number 2025, dash 045 as amended, sent to the full council for consideration.

Speaker: Second.

Speaker: You mean moved.

Speaker: Or moved? So moved okay.

Speaker: Moved by morillo. Second, seconded by councilor dunphy. Okay. Further discussion. I mean, I know that this is we've only got three more minutes left. I guess I'm kind of out of options at this point. So let's I want to gauge from the group where we're at. Oops. You're right. I forgot something. Apologies. Councilor Ryan did request that because he's not here. He has a statement that he wanted read. So can I ask councilor Ryan staffer will to read that statement? My apologies for the delay. I was supposed to do this one step ago.

Speaker: Thank you. Chair, for the record, will misspelt council aide for councilor Ryan. His statement is as follows. Housing affordability remains top of mind for Portlanders, especially for our elders. People with fixed income, local artists, musicians, young career builders and families. This ordinance seems to be an attempt to address this concern. However, I am certain it is not ready to move forward. I share concerns that we have not received public testimony from stakeholders most financially burdened by this ordinance, and who will likely be forced to pass on these costs and the anticipated legal fees to tenants. I am also very concerned that if we adopt more housing regulations now, when development is at a crawl, we will continue to restrict the housing pipeline. I also don't want to risk driving more ma and pa landlords out of Portland, who have long provided

some of our most reliable affordable housing. Finally, I have been eager to receive the report from Portland housing bureau analyzing the effects of previous regulations from 2018 and 2020 and their effects on the housing supply. The bottom line is we should be thoughtful and measured before moving forward with this ordinance and fully understand the intended or unintended impacts. I see no urgency in voting at this time, and if in attendance today, I would vote no.

Speaker: Thank you will. Any further discussion. Otherwise I will call the roll.

Speaker: Good to go.

Speaker: Okay, diego.

Speaker: Morillo i.

Speaker: Zimmerman.

Speaker: So I've been clear. I think I used some price fixing remains illegal. I think that that should be a priority for us to address in our in our ordinances. If it is, if there is any ounce of it in the community. But I've raised concerns. I've asked for some attorney's opinions on this. This is being rushed because of a lack of sticking to our process, which we do in other places. I think it makes this move incredible from this committee, and i, and I'm not appreciative of that. I think the definitions of public and private data in this remain unclear. I think the use of a property manager by a mom and pop type of landlord is likely illegal under this new ordinance, even for a single unit owner. I think the definition of competitively sensitive information is not coherent with the final three sentences of the definition of privacy excuse me, price setting tool. I think it's important that we note that you've done a good job of saying market research is okay, and independent decision making is okay, and I appreciate that. I want to find a way for that to come off the page. And the investigation by the city attorney versus code compliance, code enforcement, excuse me on how violations are calculated. We heard today

from the city attorney that this worthy of a policy debate. And yet we're not going to have that debate. And something that susie brought up and I think is important is that it looks like there is some pressure game that happens by certain companies who engage in this against landlords who don't choose to use the recommendation. And I think that's important to get to. But the document, this ordinance does not actually address how we're going to stop them from pressuring landlords. And I think it should. So with those concerns and deep concern over this process, I vote no.

Speaker: Dunphy colleagues. I woke up a little spicy this morning. I'm excited to be voting in support of this policy, and I'm deeply thankful to councilor morillo for championing this as her first policy, and to chair avalos for guiding this policy through our new system for working on policy. We have a fundamental problem in our economy. Every year or two, the Portland City Council is forced to react to a revolutionary algorithmic technology that is going to make a select few corporate entities enormously wealthy on the back of consumers. Uber and lyft could have democratized transportation. Instead, they devastated the taxi industry, trapped hundreds of thousands of workers in the gig economy, and funneled hundreds of millions of dollars out of our community and into the wallets of tech bros in california. Airbnb could have given a lifeline to seniors with a spare bedroom and provided an affordable place to stay in a new community. As for a guest, instead, it devastated the hotel industry, reduced available housing stock, left homeowners vulnerable, and funneled hundreds of millions of dollars out of our community. Ticketmaster, amazon pharma, big tobacco, lay's potato chips. Any part of our economy that can be commoditized and milked for profit has been subject to a technology that creates inherent unfairness in our economy. And today, we're in a housing crisis. Rents are way too high, and the system that drove those prices up

will not allow them to come down. Rents are not the only reason we see 6000 people sleeping on the streets today, but they are certainly part of the problem. In 2016, using first time homebuyer classes and a down payment assistance program, i. My family bought our starter home in lents for less than \$200,000. Six years later, my home had doubled in value. That's insane. My home is not worth \$400,000. I did nothing to earn that wealth, and my house was literally increasing in value by \$5,000 per month while I was living there. The markets are not working properly. I now rent that house to a family like my colleague councilor zimmerman. I'm a landlord. I never planned on being a landlord. It's not a role that I thought I would take on, but it's a role that I have taken on and it is not a passive role. It is a responsibility that I must follow. That's how it's supposed to work. It's not actually hard to be an ethical landlord. Today. We're talking about removing a tool that facilitates illegal price fixing using private data. That should be an obvious fix. Instead, we've heard from expensive lobbyists representing moneyed interests who imply that their clients should have practically unfettered access to manipulating a failed market to extract maximum profits, regardless of the community cost. And no one, or else no one, will ever build more housing in Portland ever again. The social contract has been broken. I read testimony from landlords lamenting that she used to use that. She used to have deep personal relationships with her tenants and would attend their quinceaneras and birthdays. But now she feels compelled to operate her housing business by the book. Let me be clear. Yes, that is exactly what this government believes you should be doing. I read in in testimony that price fixing is already illegal, and yet. When enough potential profit is dangled before moneyed interests, it's predictable that those tech companies will push the bounds of legality until something breaks. Something being illegal hasn't stopped ticketmaster, airbnb or uber from trying to do whatever they want in our city today,

we take a small but meaningful step in drawing our line in the sand and saying enough, and I vote i.

Speaker: Avalos.

Speaker: Thank you. Thank you to councilor morillo for all of your work on this bill, alongside many community advocates and stakeholders. I'm eager to see where this goes in the next phase of the discussion. And let me just be crystal clear, I am following a process that I was told is correct in order to move this bill forward. So if we have an issue with this process, we need to take it up with council president, because I am following her direction on how we are able to move things forward. This is our first big bill that we're kind of seeing how that process is in action, and it's clear that there's discussion that needs to be had, that needs to be had about that. But as far as I'm concerned, we have followed the process. There are multiple opportunities for more discussion in the next month, and so I do not see my vote that I'm about to vote. I on as going against my stated values or going against my efforts to have increased public transparency in how we deliberate bills. So with that, I vote i.

Speaker: With three yes votes. The ordinance is referred to full council.

Speaker: Thank you. Well, that is the end of our agenda and we are a little over. So at this point I'm going to adjourn our meeting of the homelessness and housing committee at 2:06 p.m. Thank you.