

1251

NO NET LOSS FUNDING PLAN

IF YOU WISH TO **SPEAK** TO CITY COUNCIL, **PRINT** YOUR NAME & ADDRESS

NAME

ADDRESS & ZIP CODE

<del>Michael</del> BRANTLEY	Chair - ADC.
✓ RALPH AUSTIN	CDN
✓ SUSAN EMMONS	NW PILOT PROJECT
✓ Tom O'Keefe	United Community Action



# **NORTHWEST PILOT PROJECT, INC.**

1430 SW Broadway ■ Suite 200 ■ Portland, OR 97201 ■ (503) 227-5605 ■ FAX 274-8559

## **Proposed Production Targets by Income Level**

### **for No Net Loss Proposal**

October 18, 2001

<b>600 units</b>	<b>0-30% MFI</b>
<b>360 units</b>	<b>31-50% MFI</b>
<b>240 units</b>	<b>51-60% MFI</b>

One way to measure the proportion of housing needs that are being met is to compare the number of households that fall in a given income range, with the number of rental units affordable to households within that income range. Derive a simple ratio (units/households).<sup>7</sup> The table below was derived using 1997 American Community Survey data.

**TABLE 2-14. AVAILABILITY OF UNITS FOR LOW-INCOME RENTER HOUSEHOLDS, MULTNOMAH COUNTY AND LARGEST CITIES, 1997**

Income Range and Place	Using County 1997 ACS Median <i>Household</i> Income (\$34,559)		
	Renter Households	Rental Units	Need Met (Units/HH)
<b>0-30% of Median</b>			
Multnomah County	22,667	10,411	45.93%
Portland	18,998	9,427	49.62%
Gresham	2,963	742	25.04%
<b>30-50% of Median</b>			
Multnomah County	19,281	19,300	100.10%
Portland	17,195	17,735	103.14%
Gresham	1,733	1,307	75.42%
<b>50-80% of Median</b>			
Multnomah County	24,400	48,796	199.98%
Portland	20,695	16,574	80.09%
Gresham	2,472	8,658	350.24%

Deficit 9,571

Source: 1997 American Community Survey.

Using the 1997 American Community Survey data, the above table provides a rough calculation of the affordability gap for renter households with incomes ranging from 0 to 80 percent of median income, by jurisdiction. Confirming earlier analyses, the affordability gap (expressed as the relation between the numbers of households within a defined income group and the number of housing units that would be, in theory, affordable to those incomes) increases as income decreases. The greatest gap is for households in the lowest income category (0-30 percent of median).

Written testimony offered by the Portland Area HUD Office suggests that the affordability gap in the above table overestimates met need because many households who could in theory afford higher rents are actually occupying units at lower rent levels. Units that would be affordable by those with lower incomes are not available to them. HUD's calculation would increase the renter affordability gap by 8,697 units so that the unmet need for rental units affordable to households earning 0-30 percent of median income in Multnomah County would amount to more than 20,000 units.

<sup>7</sup> Bogdon, Amy, Joshua Silver and Margery Austin Turner, 1993, *National analysis of housing affordability, adequacy, and availability: a framework for local strategies*.



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## **AFFORDABILITY BY MEDIAN INCOME**

### **30% of Median Income**

\$11,750 annual - \$979/mo.  
can afford to pay \$244/mo. rent

### **50% of Median Income**

\$19,550 annual - \$1,629/mo.  
can afford to pay \$489/mo. rent

### **60% of Median Income**

\$23,500 annual - \$1,958/mo.  
can afford to pay \$587/mo. rent

### **80% of Median Income**

\$31,300 annual - \$2,608/mo.  
can afford to pay \$734/mo. rent

### **100% of Median Income**

\$39,150 annual - \$3,263/mo.  
can afford to pay \$979/mo. rent



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## **INCOME LEVELS AND HOUSING AFFORDABILITY FOR NWPP CLIENTS IN 2001**

<b><u>Income Source</u></b>	<b><u>Monthly Income</u></b>	<b><u>Annual Income</u></b>	<b><u>% of Median Family Income*</u></b>	<b><u>Affordable Monthly Rent**</u></b>
General Assistance	\$309	\$3,708	9%	\$93
Supplemental Security Income (SSI)	\$530	\$6,360	16%	\$159
Employed half-time at minimum wage (\$6.50/hr)	\$563	\$6,760	17%	\$169
Social Security (average)	\$665	\$7,980	20%	\$200
Veteran's Pension	\$775	\$9,300	24%	\$233
Employed full-time at minimum wage (\$6.50/hr)	\$1,127	\$13,520	35%	\$338

\* \$39,150 annual income is the 2001 Median Family Income for a single person in Multnomah County as determined by HUD (Department of Housing & Urban Development).

\*\* HUD defines *affordable rent* as paying no more than 30% of your income for housing.

## RESOLUTION NO. 36038

Direct the staff of the Portland Development Commission and the Bureau of Housing and Community Development to work with the Housing Authority of Portland to develop, by January 1, 2002, a No Net Loss Funding Plan for 2001 to 2006 to fund the preservation or replacement of 1200 more low income units in the Central City; establish timelines for completing the Central City housing inventory and refining the implementation strategies relative to the No Net Loss Policy; and invite private sector and governmental partners to join in these efforts (Resolution)

WHEREAS, in the summer of 2001 and in accordance with the Comprehensive Plan Housing Policy (Housing Policy), the City Council adopted a No Net Loss policy for affordable housing in the Central City. This No Net Loss policy is defined to mean that, either through preservation or replacement, the Central City will retain at least the current number, type, and affordability levels of housing units home to people at or below 60% Area Median Income (AMI), and

WHEREAS, to understand the dimensions of the housing situation in the Central City, the Council directed PDC, in cooperation with the Planning Bureau and NW Pilot Project, to develop an inventory of all housing units in the Central City, identifying the type (e.g. studio, one bedroom), risk category of the unit and the income level served by the unit; and

WHEREAS, the City Council directed PDC to work with its partners to update this Central City housing inventory on an annual basis. The housing inventory will serve as the baseline for implementing the No Net Loss policy; and

WHEREAS, PDC and BHCD have been directed by Council to provide annual reports to the Housing and Community Development Commission (HCDC) on the implementation of the No Net Loss policy. HCDC will in turn report to Council annually on the City's progress; and

WHEREAS, the City Council directed the PDC and BHCD to develop an implementation strategy to preserve, rehabilitate, and/or replace housing in the Central City affordable to households at or below 60% AMI. This implementation strategy will prioritize projects based on public benefit, risk and opportunities, apply appropriate resources and regulatory tools, and adhere to the principles of the Housing Policy including:

- Preservation of existing affordable housing stock when feasible and cost effective;
- When preservation is not feasible, making every practical effort to replace affordable housing units in the same sub-markets where the original units were located;
- Minimizing displacement of current residents of affordable housing by making replacement units available prior to the demolition or conversion of their former residence, when feasible;
- Providing replacement housing with supportive services when necessary to insure the stability of residents in the housing units;
- Supporting mixed-income, mixed use and transit oriented development; and
- Securing 60-year affordability when feasible; and

WHEREAS, the City Council supports immediate efforts to acquire and preserve existing unrestricted units to assure preservation of ongoing affordability, and encourages the construction of new affordable housing where possible; and

WHEREAS, the City Council directed the PDC, BHCD and the Bureau of Planning to review existing policies and regulatory frameworks and develop new regulatory tools in an effort to maximize the effectiveness of the City in making the Central City No Net Loss policy a reality. Potential new regulatory tools have been identified in the No Net Loss Implementation Strategies Report, and await further development and refinement prior to Council consideration; and

WHEREAS, current estimates show approximately 700 vulnerable affordable housing units in the West End, roughly 900 vulnerable units in Downtown, and 2,500 at-risk units in the Central City; and

WHEREAS, the initial estimates of the financial resources necessary to meet the No Net Loss policy show that current resources would be inadequate, highlighting a need to leverage PDC's current Central City housing funding strategies into a sustainable vision and long-term direction for Central City development that includes other governmental and community partners; and

WHEREAS, the Housing Authority of Portland brings essential tools—in the form of its bonding capacity, its project-based Section 8 programs, and others—to the effort to preserve and replace affordable housing in the Central City; and

WHEREAS, the State of Oregon, through its Department of Housing and Community Services, plays a key role in securing and preserving affordable housing for Oregon residents; and

WHEREAS, in order to maintain necessary social services in close proximity to residents with special needs, the City needs to coordinate its provision of affordable housing with the social services funded and managed by Multnomah County; and

WHEREAS, Central City business owners and representatives will play a critical role in developing the plans and funding strategies for housing in the Central City;

NOW, THEREFORE, BE IT RESOLVED, that the City Council directs PDC and BHCD to develop a No Net Loss Funding Plan for the preservation, replacement or new construction of at least 1200 low income units in the Central City from 2001 to 2006. These 1200 units are to be in addition to those projected in the current five year plan for the Central City Urban Renewal Areas other than the South Park Blocks and Downtown Waterfront Urban Renewal Areas. This funding plan is to be based upon the No Net Loss policy and the tools described in the No Net Loss Implementation Strategies Report of September 25, 2001, and is to be presented to Council by January 1, 2002; and

BE IT FURTHER RESOLVED, that the City Council directs PDC to accelerate its inventory of all housing units in the Central City so that this baseline for the implementation of the No Net Loss policy is presented to Council in July 2002; and


BE IT FURTHER RESOLVED, that the City Council directs BHCD, PDC and Planning to continue to refine the new regulatory tools spelled out in the No Net Loss Implementation Strategies Report, so that these tools are ready for Council consideration and possible action when it receives the five-year No Net Loss Funding Plan in January 2002; and

BE IT FURTHER RESOLVED, that the City Council invites the Housing Authority of Portland, the Oregon Department of Housing and Community Services, Multnomah County, and the Association of

Portland Progress to join in a five year collaboration with the City of Portland to develop and implement the No Net Loss Funding Plan.

Adopted by the Council: **OCT 18 2001**

GARY BLACKMER  
Auditor of the City of Portland

By   
Deputy

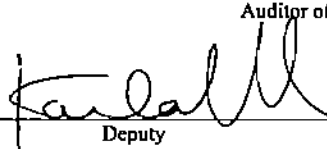



Mayor Vera Katz  
Commissioner Dan Saltzman  
Commissioner Erik Sten

October 18<sup>th</sup>, 2001



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INTRODUCED BY	DATE FILED: <b>OCT 12 2001</b>
Mayor Katz Commissioners Sten & Saltzman	Gary Blackmer Auditor of the City of Portland
NOTED BY COMMISSIONER	By:  Deputy
Affairs 	
Finance and Administration 	
Safety	
Utilities	
Works 	
BUREAU APPROVAL	For Meeting of: _____
Bureau:	ACTION TAKEN:
Prepared by      Date	
Rich Rodgers      10/9/01	
Budget Impact Review:	
Completed              Not Required	
Bureau Head:	

AGENDA	FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
		YEAS	NAYS
Consent      Regular X	Francesconi	✓	
NOTED BY	Hales	✓	
City Attorney	Saltzman	✓	
City Auditor	Sten	✓	
City Engineer	Katz	✓	